



Kingaroy Shire Council

Annual Report

2005/2006



Kingaroy – A Vibrant Shire, Regional Partner & A Quality Lifestyle

Contents

Message from Mayor and Chief Executive Officer	3
Kingaroy Shire Profile	
Location	5
Population	5
History	5
Economic Profile	5
Workforce Profile	5
Corporate and Operational Plans	
Mission Statement.....	6
Corporate Values	6
Adopted Programmes.....	6
Organisation Chart.....	7
Review of 2005/06 Activity	8
Statutory Reporting Requirements	18
Policy About Revenue.....	19
Policy About Borrowing.....	22
Councillors' Remuneration	24
- Resolution	24
- Particulars of Payments	25
- Meetings Attended	26
Equal Employment Opportunity	27
Community Financial Report 2005/2006	28
Financial Matters.....	36

Message from Mayor and Chief Executive Officer

Kingaroy is recognised well beyond our local regional boundaries and continues to attract interest from developers, major retailers, manufacturers, and "Tree Change" retirees seeking a hassle free, safe, relaxed lifestyle which offers all the services of a major centre.

2005/06 has been another year of steady growth in urban and business development, but with disappointing reductions in rural returns due to the continuing drought.

Development of residential and rural residential land continues with over 300 lots currently under development. Blocks continue to be snapped up as soon as they come on the market and record building activity is still occurring.

Council has continued its focus on building "social capital", through the provision of facilities, and encouragement and assistance to local organisations and events. The Peanut Festival and the annual Wine and Food in the Park were outstanding successes. Our area continues to attract major sporting events, conferences, cultural events and other gatherings with very positive feedback from visiting delegates and participants resulting in return visits.

The tourism industry, supported by the wine industry continues to grow and support the economy of the region. The emphasis is now shifting to developing the many South Burnett food products and groups to ensure the sustainability of the industry.

There were a number of Council initiatives and projects commenced and/or completed during the year and we briefly comment on the major ones as follows:-

Kingaroy Airport - Interest in the airport has continued to grow during the year. Dean Wilson Aviation completed construction of its first hanger and company offices late in the year, and the first flight of the first Whitney Boomerang aircraft was programmed for early July 2006. Developing the airport as an Australian Centre of Excellence for UAV testing and research continued during the year with Council participating in an Integrated Airspace Management Project, in conjunction with the Queensland Government, Unmanned Technologies Australia and many of the users of the airport. These two (2) industries ie Aircraft Manufacture and Unmanned Aerial Vehicles will provide considerable employment opportunities and career path options for local students over the next few years.

Waste Management – Council is moving ahead in implementing its waste management strategy for the Shire with further major expenditure in 2005/06 for upgrading of equipment and facilities and better management of the waste stream. The strategy will provide long term benefits to the community through control of the waste stream and prevention of harm to the environment.

Town Planning Scheme – The new Planning Scheme for the Shire was completed and adopted following extensive investigation, preparation and consultation. 2006/07 will see its full implementation. In addition we are now participating in the Wide Bay Regional Planning Advisory Committee (RPAC) and its various projects and program.

Environmental Programs – Support continues to grow for programmes that enhance and protect our natural environment. Council allocated additional resources to this important area in 2005/06 to ensure sustainability of our Shire for future generations.

Community Sustainability Strategy – During the year Council continued to liaise with Griffith University on the development of the Kingaroy Shire Sustainability Community Plan. The focus of the initiative is to identify priority local health and environmental needs and review strategies across

the Shire. The focus of the planning is based around sustainable development and maintenance of the quality of life of people and their environments.

Size, Shape & Sustainability – Following on from the Size, Shape & Sustainability Conference in June 2005, a review process was prepared by the Local Government Association of Queensland for Queensland Local Government. During the year the Councils of the South Burnett met and agreed to participate in the process together. A Memorandum of Understanding was signed between the six (6) South Burnett Councils in January 2006, and the process commenced with the appointment of an Independent Review Facilitator to assist with the first phase of the process.

Council continues to cooperate with neighbouring shires in delivery of programs and services which benefit the South Burnett. This includes tourism, natural resource management, recreation and sport, waste management, town planning and others.

Staff Changes – 2005/06 saw a number of major changes to the staff of Council. Mr Ronald Turner, Councils Chief Executive Officer for the past nine (9) years and an employee for more than 41 years retired at the end of the year, and Mr John Kersnovski was appointed as the new Chief Executive Officer. Mr Gary Wall was appointed to the position of Deputy Chief Executive Officer / Director of Corporate & Financial Services, and Mr Allen Christensen was appointed as the Director of Engineering & Development Services.

Further details of Council's activities are included later in this report and we would encourage community members to provide feedback on any issue they consider important.

In concluding may we acknowledge the many community members and organisations who contribute to the quality of life that we in Kingaroy enjoy. The strength of our community is the community itself and we urge you to let us know how we can improve our services.



K R Nunn
Mayor



J J Kersnovski
Chief Executive Officer

Shire Profile

It is widely believed that "Kingaroy" originated from the aboriginal name for the "Little Red Ant" which abounds in the area. The Red Ant appears at the top of the Shire's Coat of Arms.

Location

Kingaroy, the regional centre of Queensland's rich South Burnett district, is located some 220 kilometres by road, north-west of Brisbane. Kingaroy Shire, with an area of 2,422 km², lies along the eastern edge of the Great Dividing Range where lies the source of the Boyne and Stuart Rivers, which flow through the Shire, northwards into the Burnett River. Gordonbrook Dam is constructed across the Stuart River and this provides the domestic water supply for Kingaroy.

Population

The major population centre of the Shire is Kingaroy with approximately 8,480 residents, with a total Shire population of 13,583. There are small developed townships at Kumbia (approximately 180 people) and at Wooroolin (approximately 100 people). There are also a number of villages, each with a very small number of residential buildings including Coolabunia, Taabinga Village, Crawford and Memerambi.

History

The first settlement of Kingaroy area occurred in the 1840's when the British demand for Australian wool led to Australia's first wool boom. The history of the district began with two grazing runs, the Haly Brothers "Taabinga" run, and "Burrandowan", established by Henry Stuart Russell.

The Haly Brothers settled at Taabinga taking up some 305 square miles. They were quick to develop their property, and became widely known among pastoralists of their time.

Henry Stuart Russell, explorer, squatter, author, was one of the early squatters of the Darling Downs before his investigations for sheep land took him up the Queensland coast and inland to the Burnett, where he eventually settled

"Burrandowan" in what also was to become part of the Kingaroy Shire.

Economic Profile

The Shire's wealth is based on beef, pigs and a variety of agricultural crops including peanuts, maize, sorghum, navy beans, soya beans, dubosia, olives and stone fruit and to a lesser degree wheat, barley, oats and sunflowers. Wine and aquaculture industries are now contributing to the local economy and are expanding. Smaller secondary industries include agricultural machinery, the processing of kaolin clay, the processing of dubosia and cold pressed oils. Tourism continues to be a growth industry.

Workforce Profile

Total labour force figures obtained from 2001 Census Report Queensland published by Queensland Department of Local Government & Planning Incorporating Rural Communities.

Agriculture, Forestry & Fishing	600
Mining	93
Manufacturing	536
Electricity, Gas & Water Supply	194
Construction	265
Wholesale Trade	250
Retail Trade	902
Accommodation, Cafes, Restaurants	180
Transport and Storage	134
Communication Services	50
Finance and Insurance	82
Property and Business Services	275
Government Administration & Defence	152
Education	425
Health and Community Services	514
Cultural & Recreational Services	48
Personal and Other Services	121
Non-classifiable economic units	17
Not stated	8
Total	4,926

New figures are expected in the near future as the 2006 Census results are announced.

Corporate and Operational Plans

Council has published its new Corporate Plan (2006 – 2010). The plan builds on the achievements from our previous plan and many of the successful strategies are included in the new plan.

Mission Statement

Our Vision	Kingaroy – A Vibrant Shire, Regional Partner and a Quality Lifestyle.
Our Mission	To be a well governed sustainable and diverse community that is a safe and rewarding place in which to live and work and to encourage enterprise and investment in Kingaroy Shire.

Our Corporate Values

We are committed to:

<i>Leadership</i>	Visionary and ethical leadership pursuing excellence in corporate governance using transparent and focussing on the delivery of positive outcomes for our community.
<i>Quality Service</i>	The provision of efficient and effective service in a courteous and fair manner.
<i>Continuous Improvement</i>	Being creative and innovative in delivery of our services.
<i>Caring</i>	Providing a caring environment in which to live and work.
<i>Consultation</i>	Encouraging a high level of co-operation and consultation between Elected Members, Council Staff and the Community.

Adopted Programmes

Corporate Governance - To provide quality organisational management and leadership through transparent and accountable policies and procedures.

Economic Development, Tourism - To encourage sustainable development that strengthens the local and regional economy and enhances employment opportunities.

Planning and Development Services - To ensure that the Shire develops in a responsible and sustainable manner to enhance the lifestyle of existing and future residents.

Administration, Finance - To efficiently, effectively and economically manage Council's resources in a way that achieves maximum community benefit.

Cultural Development, Youth, Welfare - To provide and maintain facilities and encourage the development of cultural, youth and social activities which improve the lifestyle of the community.

Rural Services, Natural Resource Management - To implement programs and initiatives to minimise the impact of pest plants and animals and to effectively and ecologically manage the Shires natural resources (water, land and vegetation) to ensure that the Shire develops in a responsible and sustainable manner to enhance the lifestyle of existing and future residents.

Recreation, Sport - To provide and maintain sporting and recreational facilities and encourage sporting and community groups to develop facilities, events and programs which improve the lifestyle of the community.

Water, Sewerage - To provide public water supplies for Kingaroy, Kumbia and Wooroolin of adequate and reliable quantity and quality and a sewerage Scheme for Kingaroy which meets all Environmental Standards.

Roads, Drainage, Transport Services - To develop and maintain the Shire's road and transport infrastructure to enhance the lifestyle of existing and future residents.

Engineering Management Services - To efficiently, effectively and economically manage Engineering assets and infrastructure through planned and documented processes.

Environmental Health Services - To maintain and improve the quality of life through appropriate standards of public health and environmental measures.

Organisation Chart



CR KR (ROGER) NUNN – MAYOR
CORPORATE & COMMUNITY SERVICES



CR MA (MAX) LEHMANN – DEPUTY MAYOR
FINANCIAL SERVICES

The Council (Elected members)



CR B J (BERNIE) CARROLL
RURAL COMMUNITY &
ENVIRONMENTAL SERVICES



CR MG (MARIE) SHAW
SOCIAL, CULTURAL



CR KM (KEITH) CAMPBELL
ENGINEERING SERVICES



CR RC (BOB) COLEMAN
SPORT, RECREATION, YOUTH,
EDUCATION



CR TW (TERRY) FLEISCHFRESSER
HEALTH SERVICES



CR WD (BILL) MOSS
WELFARE, AGED SERVICES AND
COMMUNITY SAFETY



CR LJ (LESLEY) TROUT
PLANNING AND DEVELOPMENT SERVICES



CR KFJ (KEV) WOODS
ADMINISTRATIVE SERVICES



CR CD (CHERYL) DALTON
WATER & SEWERAGE SERVICES

CHIEF EXECUTIVE OFFICER



JOHN KERSNOVSKI

EXECUTIVE UNIT

DEPUTY CHIEF EXECUTIVE OFFICER / CORPORATE & FINANCIAL (DIRECTOR)



GARY WALL

ENGINEERING & DEVELOPMENT SERVICES (DIRECTOR)



ALLEN CHRISTENSEN

ENVIRONMENT, HEALTH & COMMUNITY SERVICES (DIRECTOR)



DARRYL BROOKS

Review of 2005/06 Activity

The 2005/06 year has been another period of growth and consolidation for the Kingaroy Shire. After a period of community consultation, the 2006-2010 Corporate Plan was finalised and its implementation commenced with policies that ensure the economic, environmental, social and sustainable growth of our community.

Comment is made on the following matters addressed in 2005/06.

Corporate Governance

Aims to provide quality organisational management and effective leadership through transparent and accountable policies and procedures.

Council has met through the year on a monthly basis with special meetings being held as required. A total of twelve (12) general meetings and two (2) special meetings were held during the year.

Successful functions conducted during the year included Australia Day Celebrations, Anzac Day Commemoration, Local Government Awareness Week, various Meet and Greets in O'Neill Square and the official opening of the Kingaroy Information, Art & Heritage Precinct.

Our internet site has received a revamp and now has a wide range of Council information (including Council minutes), and Community Organisations' contact details. It is regularly updated with information on current and upcoming Council events and further enhancements are planned. Visit us on www.kingaroy.qld.gov.au.

The Council has continued its focus of attempting to consult with and inform the community on its programs and activities. Consultation methods include community consultation meetings, Council newsletter, Council's website, Community News in the local newspaper, letterbox drops and meetings with community groups. Council also continued its representation on local groups and organisations.

During the year Council completed a review of its longer term planning with the adoption of the new Corporate Plan in April. Further

organisational fine-tuning is planned with the preparation of 10 and 20 year capital works plans to compliment the Corporate Plan.

The Kingaroy and Kumbia State Emergency Service Units and Kingaroy Shire State Emergency Service Cadet Units continued to function during the year and provided valuable support to emergency situations and community functions. Unfortunately, the number of active members at the Kumbia State Emergency Service Unit diminished during the year, and recruitment has commenced for new members. The Local Disaster Management Committee meets six (6) monthly and is preparing for the new South Burnett Local Disaster Management Plan, which is being prepared by the south Burnett Local Government Association. The plan will include provisions to deal with incidents of terrorism and pandemics.

Economic Development, Tourism

Aims to encourage sustainable development that strengthens the local and regional economy and enhances employment opportunities.

Council's Economic Development Strategy focuses on eight objectives -

- To ensure physical infrastructure is in place to sustain development.
- To ensure soft infrastructure development (aged care, youth, medical, health, emergency services, social services).
- To facilitate partnerships for economic development.
- To establish Kingaroy as a leading education centre.
- To maintain focus on Kingaroy as a regional centre.
- To develop an investment attraction strategy.
- To assist with development of trade and export.
- To promote enabling technologies for industry development.

Many of these have been acted upon this year

however much more is required.

Council again provided support for the South Burnett Enterprise Centre which continues to operate under the management of South Burnett CTC.

The Health Services Committee continues to monitor the provision of medical services to our community and oversee the operation of the Medical Strategy.

The South Burnett Community Private Hospital continued its strong growth during the year.

Services provided by the hospital include:

- Acute Medical, Surgical, Palliative Care
- 24 licensed Inpatient Beds
- 4 Day Bed Day Surgery Recovery Lounge
- Operating theatre
- 10 active admitting local GPs
- GP medical after hours service
- Visiting specialists
 - General Surgeons
 - Gynaecologist
 - Ophthalmologists
 - Cardiologist
 - Paediatrician
 - Urologist
 - Vascular Surgeon
 - Palliative Care Specialist
- Cardiac Stress Testing
- Pre-operative Clinic
- Post-operative phone call follow up
- Respite
- Short term palliative care for uninsured clients

Utilisation during the year was –

Total Operations	482
Total Bed Days	4,185
Average Daily Census	11.47%
Occupancy	47.8%

The hospital provides full time/ part time/ casual jobs for 43 employees.

Funding was provided to Kingaroy Chamber of Commerce and Industry (KCCI) to assist with the operations of the Chamber and to also assist with the continuation of an Events and Conferencing desk.

Other major events supported during the year include the Wine and Food in the Park, the annual Peanut Festival and the Heritage Kingaroy Business Awards.

Participation in regional programs including the Wide Bay Burnett ICT / Broadband Project and the South Burnett Tourism Development Project continued, and the memberships of the Wide Bay Burnett Regional Organisation of Councils, South Burnett Local Government Association, and various regional tourism bodies ie Fraser Coast South Burnett Regional Tourism Board, South Burnett Tourism Association and Country Way were maintained.

This year has seen the first concentrated effort on promoting and encouraging aviation related industries at the Sir Joh Bjelke-Petersen Airport. Council is participating in the Wide Bay Aviation Investment Strategy being prepared by consultants for the Department of State Development, which will see a coordinated approach to developing aviation industries in the region. In addition, Council has been cooperating with the Department of State Development in establishing the airport as an Australian Unmanned Aerial Vehicles Centre of Excellence for Flight Testing and Research Centre.

Visitor Information Centre

The South Burnett Visitor Information Centre – Kingaroy has continued its accreditation with Tourism Queensland, providing statistical information on visitor numbers and origin. As a result being a significant participant in a Tourism Queensland pilot program in 2005, where additional statistical information was obtained from visitors, the Centre now has an ongoing survey where the data gathered is used in strategically planning marketing and promotional activities.



In excess of 18,000 people visited the Centre during the year. This figure indicates a 20% increase visitation numbers from 2004/2005 further highlighting the positive impact of the Kingaroy Information Art and Heritage Precinct.

The Centre would not function without the high calibre of Volunteers, with 56 volunteers contributing to the success of the Centre. The composition of the volunteer base was at June 2006 – 26 community volunteers, 19 high school volunteers under an Active Citizen Program, 10 Work for the Dole participants and 4 Mutual Obligation participants.

Promotional activity during the year included paid advertising in the South East Queensland Country Touring Guide, Fraser Coast South Burnett Regional Visitors Guide, a call-point at the Hervey Bay Airport, Brisbane Valley/South Burnett promotions and representation at consumer travel shows and conferences.

Promotion of the Regional identity has been focused on a holistic approach relating to all marketing and promotional projects, which has in turned flowed through to the volunteers at the front counter ensuring regional visitor information is available and conveyed.

Funding was obtained through the Federal Government's Sustainable Regions Program in partnership with Hervey Bay City Council to establish a whole of region promotional and development project, and has been very successful in enhancing the tourism focus internally and externally to the Centre / Shire. The project included the construction of a new visitor information centre and upgrades to the Heritage Precinct. The Centre officially opened in September 2005 and is part of the Kingaroy Information Art and Heritage Precinct, which also incorporates the Kingaroy Shire Art Gallery, the Heritage Museum, Woodcrafters Workshop, Interpretive Arena, 1913 Council Chambers and 1938 Council Chambers meeting rooms.

Tourism Strategy

The South Burnett Tourism Development Strategy is currently in its forth year of implementation thanks to the continued support from Tarong Mine Community Development Fund, South Burnett Tourism Association and all South Burnett Local Government Authorities.

A review of the strategy was held in October 2005. Since its inception in 1999 the priorities of the region have changed along with the implementation of projects. The review included the update of activities, milestones, reporting and timeframes and then this document acted as the Business Plan for 2005/2006.

The major focus of the strategy has been to strengthen the food industry to complement the growing wine industry and the numerous events and festivals of the region. Other niche markets, such as conference business, bus group development and golf will continue to be researched.

The Great Bunya Drive Project, a joint initiative between the Toowoomba & Golden West Regional Tourist Association, Fraser Coast South Burnett Regional Tourism Board, South Burnett Tourism Association and the South Burnett Local Government Association, commenced during the year.

Interpretational signage was installed along the main route during the year. Secondary signage, which is predominantly for natural and historic attractions have been finalised and will be installed in December 2006.

The South Burnett Wineries have been involved in a pilot project to test a new research program for the tourism industry. The Industry Performance Analyser for Tourism (IPAT) is a program designed to measure the health of each tourism sector and deliver 'live' data for individuals to measure their performance against the industry. This program will be rolled out in the beginning of the new year with all tourism sectors being invited to participate.

The fourth edition of the South Burnett Regional Map was produced during the year. This edition was given a complete new look with clean lines and a modern feel. 120,000 copies were printed and distributed throughout the South Burnett Visitor Information Centres, Information Centres outside the region and though other tourism outlets.

As the strategy continues to be implemented, the South Burnett will continue to increase its competitive advantage and been seen as an essential destination to visit!

Administration and Finance

Aims to efficiently, effectively and economically manage Council's resources in a way that achieves maximum community benefit.

The increased activity in the Shire continues to generate additional administrative activity with around fifteen thousand (15,000) items of correspondence recorded through Council's Records Management System during the year.

Alternative payment options such as BPay, Australia Post and Bill Express continue to gain in popularity with more than 50% of ratepayers using these methods rather than coming to the Administration Office to pay their rates. Council continues to investigate various payment options to respond to community demands. Centrepay (deductions from Centrelink benefits to pay rates) has become popular. Rate capping is into its second year of adoption, and has reduced the impact of valuation fluctuations on rate payers' bills.

In 2001/2002 Council's rate arrears reached an unacceptable level of around 8%. Over the last five (5) years our focus has been on reducing this debt to around 3%. It is pleasing to note that outstanding rate arrears for 2005/2006 were around 3%.

Council continues to maintain its Rural Property Numbering System and to levy and collect a Rural Fire Levy for those brigades requesting it.

The focus on debt reduction continued during 2005/2006 and is well on track to reduce our debt servicing costs to around 6% of operating income by 2006/2007.

The upgrade of our computer network and hardware continued in line with our five (5) year Information Technology Strategy to lift our information & telecommunications to current industry standards. The inclusion of the Heritage Art & Information Precinct, Waste Depot and Library into our Wide Area Network is a further step towards this goal.

During the year the vacant building (old bus terminal) in Glendon Street was made available to the Open Learning Network to work with Council to enhance the lifelong learning opportunities for the community by operating a Learning Centre

Planning & Development Services

Planning Services

Aims to ensure that the Shire develops in an orderly and responsible manner to enhance the lifestyle of existing and future residents.

A total of 87 development applications were processed for the year, excluding self-assessable developments.

Types of approvals included:-

- 2 Residential and unit developments
- 3 Commercial and retail developments
- 2 Tourism developments
- 3 Rural industry developments
- 5 Community title scheme developments

306 new lots were approved for development, including:

- 180 Urban Residential lots
- 118 Rural Residential lots
- 8 Rural lots

Adoption of the IPA Planning Scheme was planned for during the year but a number of administration processes prevented this. The Scheme was finally adopted on Tuesday 25 July 2006 and was implemented on Friday 28 July 2006. The Planning Scheme will be reviewed in approximately twelve (12) to eighteen (18) months after the commencement of the planning scheme. It is anticipated that a major review of the scheme will be undertaken. The extent of the review will be detailed in a future report to Council.

Building Services

The following building approvals were issued for the year from both Council and Private Certifiers-

	Number	Amount \$
Dwellings - New	112	22,203,626
Re-located	9	274,500
Additions/Alterations /Repairs	49	823,097
Garages/Carports	122	1,560,112
Farm Buildings	2	54,430
Public Buildings	8	1,252,520

Business Premises	23	5,794,232
Outbuildings	0	0
Swimming Pools	24	347,755
Special Structures	9	147,889
Totals	358	32,458,161

Culture, Development, Youth, Welfare

Aims to provide and maintain facilities and encourage the development of cultural, youth and social activities which improve the lifestyle of the community.

The TJ O'Neill Memorial Library has continued to add new books to the collection while the removal of old book stocks is an ongoing process. A total of \$65,250 was spent on the purchase of new books and related material. The DVD collection has increased and the magazine collection now has a total of 77 titles available for loan.

Loans and renewals for the year totalled around 74,000.

Total enrolments at 30 June were approx 7,000. The library continues to provide a valuable service to many residents and non-residents of our Shire. The usage of the public access internet computers continues to grow while the Special Access computer provides special software and hardware for those with a disability. During the year the Spydus Library System was updated..



In September 2005, the Library Art Gallery relocated to the 1938 Council Building in the Kingaroy Information Art and Heritage Precinct. The Gallery continued its policy of displaying works by local South Burnett artists with

changing displays each month. Approx 55 artists/crafts persons provide the gallery with paintings, pottery, woodwork, needlecraft, sculpture and other arts forms. Visitation to the Art Gallery has increased substantially with the gallery now open seven (7) days per week, with over 18,000 potential visitors per year.



A total of twenty three (23) applications were funded from the Regional Arts Development Fund (RADF) during the year. This included attendance at professional development workshops, assistance in setting up an Orchestra, writing of an autobiography, preparation for performances and exhibitions, hosting of conventions, recording costs for creation of a CD, and assistance with productions and exhibitions.

The removal and replacement of the original asbestos roof sheeting on the Town Hall was completed during the year. This will ensure that the Town Hall is a safe and comfortable venue for patrons to enjoy well into the future.

Council also took over the management of the Town Common Community Hall during the year. Major upgrades have taken place including structural adjustments, internal painting and the purchase of new tables and chairs.

The usual financial assistance was provided to cultural and welfare organisations including, Senior Citizens Welfare Association, Blue Light Disco, Kingaroy Eisteddfod, Boy Scouts, Girl Guides, Meals on Wheels, Salvation Army and others. Council continues to provide assistance with the delivery of Meals on Wheels on a regular basis.

Council continued its involvement in the State Governments "Breaking the Unemployment Cycle Initiative" through the "First Start Program" and the "Youth Training Incentives Program" by employing a further nine (9)

trainees and two (2) school based trainees. This takes Council's total to 74 trainees and apprentices which have now been provided with training and employment opportunities over the past seven (7) years. Council is pleased at the high success rate of our trainees, both in achieving their qualifications and in finding permanent employment.

Rural Services, Natural Resource Management

Aims to implement programs and initiatives to minimise the impact of pest plants and animals and to effectively and ecologically manage the Shires natural resources (water, land and vegetation) to ensure that the Shire develops in a responsible and sustainable manner to enhance the lifestyle of existing and future residents.

Rural Services Pest and Livestock

Rural Services, including the control of straying livestock, issuing stock route agistment permits and the eradication of declared weeds, was carried out in accordance with Council's Pest Management Plan. Class 1 declared pest control programs included Honey Locust along the Stuart River and Salvinia on Gordonbrook Dam.

A total of 11 stock route agistment permits were issued for the year.

During the year, various community meetings were held which assisted in the development of a new pest management plan.

Further improvements were completed at the Coolabunia Saleyards to satisfy Workplace Health & Safety requirements. Total yardings for the year were:

- Sale Cattle – 9,343 head
- Dipped Cattle – 17,818 head
- Speciality Sales – one (1) Breeder Sale and one (1) Bull Sale

Natural Resource Management

The Kingaroy Shire Council Environmental Levy contributes to the development and implementation of strategic Natural Resource Management and Environmental projects.

Council's Natural Resource Management section is comprised of two (2) staff who coordinate the development and implementation of on-ground projects. NRM officers also assist community groups, landholders and Council source additional funding through State and Federal Government Natural Resource Management and Environmental programs.

Strategic on-ground projects include:

- Kingaroy Shire Council Bushcare Team – Eight (8) people employed for a period of 14 weeks to carry out integrated pest management works within Carroll Nature Area.
- Green Corps Teams – Ten (10) young people between the ages of 17 and 20 participated in environmental projects for six (6) months. Teams were involved in activities such as tree planting, revegetation, erosion control, weed removal and propagation.
- Significant Environmental Area Signage Program – This program identifies areas of vegetation that contain rare and threatened plant species to raise awareness and assist Council staff and contractors with on-ground works in these areas.
- Fauna Management Activities – Installation and monitoring of nest boxes at Carroll Nature Area and Wooroolin Wetlands, specially designed for Pale Headed Rosellas, Brushtail Possums and Sugar Gliders.
- Interpretive Signage Program – To raise public awareness, signs have been developed for Wooroolin Wetlands and Gordonbrook Dam, detailing the natural history of these sites.
- Salinity Investigations – Installation and monitoring of groundwater and surface water in conjunction with Burnett Mary Regional Group and Department of Primary Industries.
- Fire and Biodiversity Management Program – Management plans have been developed for Booie and Malar Reserves to manage fire without compromising the

diversity of vegetation within our reserves.

- Environmental Pest Management – Integrated pest management activities have been carried out at Carroll Nature Area, Kingaroy Heights Environmental Area, Wooroolin Wetlands, Goodger Environmental Area and Mount Wooroolin.
- Propagation and Revegetation – Over 1,000 local native seedlings have been propagated for revegetation at Kingaroy Bottlebrush Nursery and over 1,000 trees have been planted.
- Assistance with funding applications – NRM staff have assisted community groups, landholders and Council with applications for funding through programs such as Community Water Grants, EnviroFund Drought Recovery, Bushfire Mitigation, BMRG Priority Action Plan, Green Corps and Wetland Care.

Recreation, Sport

Aims to provide and maintain sporting and recreational facilities and encourage sporting and community groups to develop facilities, events and programs which improve the lifestyle of the community.

- The major achievement in 2005/06 was the opening of the upgraded WJ Lang Memorial Aquatic Centre which was upgraded by Council at a cost of \$830,000, and entirely funded from Council Revenue. The upgrade included the installation of a "wetdeck" recovery system, new treatment facility, replacement heating system, upgraded wading pool and new wading pool treatment works. Patronage for the 05/06 season was up on the previous year with figures as below:

Adults	16,635
Children	30,700
Total	47,335

- The program of upgrading lighting to parks and recreation facilities continued with lights installed at River Road Park, Memorial Park, Apex Park and Rotary Park.

- Upgrades to facilities were undertaken at the Doonkuna St Park and Earl Park with picnic facilities, benches and shelters installed at each of these parks.
- Additional Play equipment was installed at Wooroolin Park together with soft fall and safety equipment for the playground.
- The park shade structure program continued throughout the year with structures at River Road Park, Memorial Park and Wooroolin being installed. This program will be continuing in the coming years.
- The bikeway and footpath networks have been extended with a combined Bikeway and path constructed in Earle Park with 50% funding from Sport and Recreation Queensland under the Local Government Development Program. Bikeways were also extended along Fisher Street and Haly Streets around Rotary Park from Council funds and Mant Street and First Avenue from TIDS funding.
- Council supported numerous other groups in various ways throughout the year and continues to do so via direct funding, letters of support and In Kind works.

Water, Sewerage

Aims to provide public water supplies for Kingaroy, Kumbia and Wooroolin of adequate and reliable quantity and quality and a sewerage Scheme for Kingaroy that meets all Environmental Standards.

- The Water Supply Schemes for Kingaroy, Kumbia and Wooroolin were operated and upgraded where possible during the year. Statistics for the year are:-

	<u>Kingaroy</u>	<u>Kumbia</u>	<u>Wooroolin</u>
<i>Approx Pop Served</i>	8,500	220	150
<i>No Connections</i>	4,619	109	76
<i>Water Pumped (ML)</i>	1,320	15.3	19.5

- As part of the ten (10) year planning process for Capital Works, planning for the upgrading of the Water Supply and Sewerage Systems in Kingaroy was completed. This will include the upgrading of both treatment works and

at the Gordonbrook Treatment Plant will include additional treatment to improve water taste.

- Gordonbrook Dam continued to experience levels of blue green algae infestation during the year. Unfortunately, this necessitated the continued closure of the dam to recreational uses.
- Capital works projects commenced/ completed for the year included:-
 - Extra High Level Zone Upgrade (Increased water pressure)
 - Commissioning of the New Reservoir Street Pump Station
 - Trussell Water Main
 - Gordonbrook to Kingaroy Rising Main (300mm section replaced)
 - Fisher Street Water Main (north of Coral Street)
- The severe drought being experienced meant reducing levels of water in the Gordonbrook Dam as well as in the bore supplies at Kumbia and Wooroolin. Considerable time and resources were devoted to investigating alternative water supplies for Kingaroy and Kumbia.
- Council continues to operate the Sewerage Scheme for Kingaroy. The Kingaroy Sewerage Scheme had a total of 3,188 connections as at 30 June 2006.
- In order to cope with the rapid development in Kingaroy, planning reports to determine the water supply and sewerage infrastructure needs of Kingaroy as it grows are being updated.

Roads, Drainage, Transport Services

Aims to develop and maintain the Shire's road and transport infrastructure to enhance the lifestyle of existing and future residents.



- A total expenditure of approx \$3.087 Million was incurred on road maintenance and construction (excluding Main Roads) for the year. Expenditures were as follows:-

<i>Road & Footpath Maintenance</i>	<i>\$1.195,000</i>
<i>Construction of Roads</i>	<i>\$1.236,847</i>
<i>Construction/Maintenance of Stormwater Drainage Schemes</i>	<i>\$30,184</i>
<i>Management of Traffic (including parking)</i>	<i>\$51,535</i>
<i>Total</i>	<i>\$3.087 Million</i>

- Road / Drainage / Construction / Rehabilitation Projects commenced / completed during the year include:-
 - Gordon Street, Kumbia
 - Crawford Boobie Road Rehabilitation – Stage 2 *
 - Albion Street – Taabinga Village
 - North Branch Road Rehabilitation – Stage 2
 - Short Street, Wooroolin
 - Ellesmere Road – Stage 1
 - Haly Street Footpath at Kingaroy Information, Arts & Heritage Precinct
 - William Street Footpath
 - West Street Rehabilitation (Stage 2) *
 - Markwell Street Bikeways
 - Stuart River Bridge – Kumbia Brooklands Road
 - Alford Street Rehabilitation at PCA

* Indicates "Roads to Recovery" program project.

- A Main Roads Department rehabilitation initiative undertaken by Council, included the commencement of the new culverts at Memerambi and Crawford.
- Kingaroy Airport has previously been named as the preferred Australian flight test and research base for Unmanned Technologies Australia. Development of an Integrated Airspace Management Model for both aviation aircraft and UAV's commenced during the year. Construction of the Dean Wilson Aviation Hanger and company offices were completed later in the year.

Council has adopted footpath standards for the beautification of the CBD with sample work being completed at the Kingaroy Information, Arts & Heritage Precinct. Council will be investigating further funding avenues in the coming years.

Engineering Management Services

Aims to efficiently, effectively and economically manage Engineering assets and infrastructure through planned and documented processes.

- The Engineering Services & Development Department continued to provide specialist services for use within the organisation, including design services, quality assurance systems, workplace health & safety, and NATA approved soil testing laboratory. Services are also provided to external clients.
- Major items of plant replaced during the year were:-
 - John Deere Grader
 - Road Patching Unit
 - Waste Management – Roll On, Roll Off Truck
 - Waste Management Compactor
- Decontamination of the old depot site was commenced with expert assistance to clear the site being received from Griffith University campus in Brisbane.

A major change in Council's valuation and recording of road assets was completed and lead to a much more accountable and accurate method of valuation and management of the road network.

Environmental Health Services

Aims to maintain and improve the quality of life through appropriate standards of public health and environmental measures.

Council continued to administer licensing requirements under various Acts for premises within the Shire. A total of five hundred and eleven (511) licences / permits / certificates were issued during the year.

An additional Environmental Health Officer was employed to assist with the auditing of these licensed premises (food premises, environmentally relevant activities, flammable and combustible liquids, etc).

Council participated in two (2) School Based and Family Immunisation Clinics during the year.

The removal of the stockpile of tyres at the

Kingaroy landfill continued. Approximately 27,000 tyres were removed during the year. It is estimated that there are 5,000 tyres yet to be removed.

Upgrade works to the Memerambi Transfer Station were completed and the facility operated under full supervision with restricted hours. Drop off recycling facilities were provided by the Wooroolin Scouts.

Work continued on the upgrade to the Kingaroy landfill. Once completed, it will be fully supervised with various drop off recycling facilities, green waste will be mulched and a four (4) bay transfer station will be provided for the disposal of domestic waste.



Council took possession of a roll on roll off truck that has the capacity of transporting ten and twenty-seven cubic metre containers. These containers are used at the upgraded transfer stations and are available for private hire.

On-going monitoring of the various groundwater-monitoring bores was undertaken at the operational and closed landfills. Results were forwarded to the Environmental Protection Agency for their information.

Various staff undertook environmental management training.

Burials at the Shire cemeteries totalled seventy-six (76) for the year.

Work continued on improvements to the Lawn Section of the Taabinga Cemetery. This work included completing the installation of concrete strips to the entire lawn cemetery.

The national chemical container collection program, known as drumMUSTER, was actively promoted with a good response from residents.

A total of 2,977 containers were received under this program during the year.

In conjunction with Griffith University, work continued on the development of the Kingaroy Shire Sustainable Community Plan. This Plan will provide a "platform" whereby agencies, government and the community can bring their strategies and plans together to coordinate their program delivery and action.

The Council continued its partnership with the RSPCA in relation to them managing impounded domestic animals on behalf of Council.

A total of two hundred and eighty-one (281) dogs and cats were impounded during the year. Of these, thirty-nine (39) animals were reclaimed by their owners and one hundred and sixty-one (161) animals had to be euthanised. The remaining numbers were transferred to the RSPCA for re-housing.

Many initiatives have been introduced or continued in the area of animal management. These include the maintenance of an off-leash area for dogs, the de-sexing policy for entire dogs and school children visiting the RSPCA Education Van. A total of seventy-one (71) de-sexing vouchers were issued during the year.



Kingarooy Shire Council

Statutory Reporting

Requirements



Kingaroy Shire Council

Policy Document

DEPARTMENT: Administration and Finance **IR:** 158514

PAGE: 19 of 3

SECTION: Rating & Property

DATE ADOPTED: 25 May 2006

MINUTE BOOK No: 15310

POLICY TITLE: **REVENUE POLICY**

POLICY OBJECTIVE: Identify in very broad terms, the principles and strategies that Council will use to raise revenue.

HEAD OF POWER: Local Government Act 1993 – Chapter 7 Part 2A

POLICY STATEMENT:

The Local Government Act 1993 requires that Council must adopt by resolution a revenue policy for each financial year. The revenue policy must be prepared and adopted before the start of the financial year for which it has been prepared. This is necessary in order to allow sufficient time for the preparation and adoption of a budget that is consistent with the policy. The revenue policy may be amended by resolution at any time during the financial year for which it was prepared.

The requirements of the Local Government Act 1993 and the Local Government Finance Standard make reference to the matters listed below. The purpose of this revenue policy is to clearly set out the principles that Council has applied in the 2006/2007 financial year for:

- ❖ The making of rates and charges;
- ❖ The levying of rates;
- ❖ The recovery of rates and charges;
- ❖ Concessions for rates and charges.

1. PRINCIPLES USED FOR THE MAKING OF RATES AND CHARGES

The general principle of user pays has been adopted by Council as a guide to determining rates and charges for the 2006/2007 financial year. The aim of this principle is to identify which of Council's services (normally utility charges) will be fully or substantially costed and charged to the consumer of the service. In this way, the cost of the service is spread across only those ratepayers who are using the service.

Council recognises that it provides certain types of services where the user pays principle is not appropriate, or individual consumers of services cannot be readily identified. In this situation, Council will take a blanket approach and generate revenue by spreading the burden across all ratepayers.

Council will utilise a variety of rating mechanisms to generate the required level of revenue. Council will use a combination of user pays charges, separate rates and charges and differential rates based on the unimproved value of land to fairly and equitably distribute the rate burden across all sectors of the community.

When Council is making Rates and Charges for 2006/2007, consideration will be given to the following:

- (a) The objectives, strategies and actions outlined in Council's Corporate Plan and Operation Plan;
- (b) Council's legislative obligations;
- (c) The needs and expectations of the community as identified by consultation, public meetings and surveys;
- (d) The anticipated cost of providing services; and
- (e) Equity.

As part of this process, Council will also observe the following principles:

- ❖ Transparency of process;
- ❖ Simple and efficient administration;
- ❖ Flexibility to adapt to the state of the local economy.

2. PRINCIPLES USED FOR THE LEVYING OF RATES

In levying rates and charges, Council will apply the following principles:

- (a) Clearly identify what is the Council's responsibility, and what each ratepayer's responsibility is in relation to the rating system;
- (b) Make the levying process as simple and efficient to administer as possible;
- (c) To ensure the timely issuing of rate notices to take into account the financial cycle that ratepayers are accustomed to;
- (d) Equity through flexible payment arrangements for ratepayers who have a lower capacity to pay.

3. PRINCIPLES USED FOR THE RECOVERY OF RATES AND CHARGES

To ensure Council continues to operate efficiently and effectively, payment of all rates and charges in full is required by the due date shown on rate notices. It is Council policy to diligently pursue the collection of overdue rates and charges. However, Council will take into account individual circumstances or the financial hardships faced by relevant ratepayers.

To cater for this, Council has established balanced administrative processes that allow flexibility in ratepayer payment options including payment by regular instalments. At the same time, these processes include a variety of options, including legal action, that allow the effective recovery of overdue rates, depending on the level of resistance experienced.

In the recovery of rates and charges, Council will be guided by the principles of:

- (a) Transparency by making clear to ratepayers their obligations, and the processes that Council uses to assist them in meeting their financial obligations;
- (b) Making the processes used to recover overdue rates and charges clear, simple to administer and cost effective;
- (c) Capacity to pay when determining appropriate rate arrangements;
- (d) Equity by providing the same treatment to ratepayers in similar circumstances;
- (e) Flexibility by responding as required to changes in the local economy.

4. CONCESSIONS FOR RATES AND CHARGES

When Council is giving consideration to applying concessions to rates and charges, it will be guided by the following principles:

- (a) Equity with regard to the different levels of capacity to pay within the local community;
- (b) The same treatment to ratepayers in similar circumstances;
- (c) Transparency by making clear the requirements necessary to receive concessions;
- (d) Flexibility to enable Council to respond to local economic issues.

Council may consider granting a class concession in the event of all or part of Kingaroy Shire being declared a natural disaster area by the State Government.

Council grants a remission of general rates to organisations that perform a public service. This concession will take the form of an exemption from paying the minimum general rate levy. Instead, if rateable, these organisations will pay a valuation-based rate that will be less than the minimum general rate. Council reconsiders the schedule of approved public service organisations each year in association with the budget process.

Council grants a remission of general rates to ratepayers who hold Permits to Occupy for water facility purposes. These parcels of land are generally very small in size, are valued separately by the Department of Natural Resources and Mines and have very low valuations that inherently attract the minimum general rate. This concession will take the form of an exemption from paying the minimum general rate levy. Instead, if rateable, these ratepayers will pay a valuation-based rate that will be less than the minimum general rate.

Council grants a remission of rates to ratepayers who are pensioners. The remission is funded under the Queensland Governments Pensioner Rate Subsidy Scheme, but is administered by Council.

Council grants a remission of sewerage charges to community organisations that operate as non-licensed clubs on an intermittent basis. This concession will take the form of "capping" the amount of sewerage charges each year, regardless of the number of sewerage pedestals the community organisation has installed at its premises.



Kingaroy Shire Council

Policy Document

DEPARTMENT: Corporate & Financial Services

IR: 164281

PAGE: 22 of 74

SECTION: Finance

DATE ADOPTED: 27 July 2006

MINUTE BOOK No: 15391

POLICY TITLE: **BORROWING POLICY**

POLICY OBJECTIVE: To explain the planned borrowings for current year and the next four (4) financial years, the purpose of the new borrowings and the repayment terms.

HEAD OF POWER: Local Government Act 1993 – Section 502 (1)
Local Government Finance Standard 2005 – Part 2 Division 8

POLICY STATEMENT:

1. New Borrowings planned for current financial year and next four (4) financial years.

<i>Purpose</i>	<i>Amount 2006/2007</i> \$	<i>Amount 2007/2008</i> \$	<i>Amount 2008/2009</i> \$	<i>Amount 2009/2010</i> \$	<i>Amount 2010/2011</i> \$
Administration: Office Extension		500,000	1,250,000		
Cultural Development: Town Hall Improvements Heritage Precinct				225,000	225,000
Environmental Health Services: Waste Management		130,000			
Recreation & Sport: Swimming Pool				120,000	
Roads, Drainage & Transport: Aerodrome Off Street Parking Roads	130,000 110,000	 400,000	250,000	 1,000,000	 350,000

<i>Purpose</i>	<i>Amount 2006/2007</i>	<i>Amount 2007/2008</i>	<i>Amount 2008/2009</i>	<i>Amount 2009/2010</i>	<i>Amount 2010/2011</i>
	\$	\$	\$	\$	\$
Engineering Services: Plant	560,000				
Rural Services: Saleyards	125,000				
Sewerage: Treatment Plant Augmentation					600,000
Water Supply: Allocation Purchase		1,200,000			
<i>Totals</i>	<i>\$925,000</i>	<i>\$2,230,000</i>	<i>\$1,500,000</i>	<i>\$1,345,000</i>	<i>\$1,175,000</i>

2. The purpose of new borrowings.

{Refer to 1. above}

3. The term over which it is planned to repay existing and proposed borrowings.

EXISTING BORROWING POOLS	<i>Remaining Loan Term</i>	<i>Expected Loan Term</i>
Floating Debt Pool (Computerisation 2002/2003)	1.95 years	0.91 years
3 Year Debt Pool (Plant 2002/2003)	2.95 years	1.83 years
3 Year Debt Pool (Plant 2004/2005)	5.08 years	3.98 years
3 Year Debt Pool (Swickers Water Main)	5.07 years	4.02 years
9 Year Debt Pool (South Burnett Community Hospital)	10.73 years	8.57 years
9 Year Debt Pool (Since 01/07/1999)	11.91 years	9.96 years
9 Year Debt Pool (Roadworks 2002/2003)	11.95 years	10.06 years
15 Year Debt Pool (Depot 2002/2003)	16.95 years	14.72 years
15 Year Debt Pool (Depot 2003/2004)	18.07 years	15.43 years
15 Year Debt Pool (Cultural and Heritage Precinct)	18.07 years	15.43 years
15 Year Debt Pool (Cultural & Heritage Precinct)	19.08 years	16.94 years
15 Year Debt Pool (Cultural & Heritage Precinct)	19.73 years	17.59 years
15 Year Debt Pool (South Burnett Community Hospital)	19.73 years	17.59 years
15 Year Debt Pool (Library)	19.08 years	16.94 years
15 Year Debt Pool (Town Hall)	19.08 years	16.94 years
15 Year Debt Pool (Art Gallery)	19.08 years	16.94 years
15 Year Debt Pool (Swimming Pool)	19.08 years	16.94 years
15 Year Debt Pool (Swimming Pool)	19.73 years	17.59 years
15 Year Debt Pool (Waste Management)	19.73 years	17.59 years

4. The term proposed to repay new borrowings

- Plant 6 Years
- Buildings, Roads, Water Supply and Sewerage Works 20 Years

5. Repayment terms will be reviewed on an annual basis

Councillors' Remuneration

A resolution concerning remuneration to Councillors was passed on 27 May, 2004, reading:-

"That the basis for remuneration of Councillors be:-

- A.
 - . General meeting of the Council - Daily allowance for each sitting day or part thereof
 - . Committee meeting over four hours - Daily allowance
 - . Committee and Agenda Group meeting under four hours -75% of daily allowance rounded to nearest dollar
 - . Authorised inspections:-
 - (1) Over four hours - daily allowance
 - (2) Under four hours - 75% of daily allowance rounded to nearest dollar
 - . Authorised Deputation or Conference (including travelling time) - daily allowance for each day or part thereof
 - . Council representative on Other Bodies:-
 - (1) Under four hours - 75% of daily allowance rounded to nearest dollar
 - (2) Over four hours - daily allowance
 - . Provided that where more than one meeting is attended on any day, the maximum allowance which a member shall be entitled to receive shall be one daily allowance
- B. In addition to the daily allowance in (A) above, members shall be entitled to the following monthly allowances:-
 - (1) Mayor - Fifteen times the daily allowance
 - (2) Deputy Mayor - Five times the daily allowance
 - (3) Councillor - Three times the daily allowance
- C. Daily allowance - Payment for one day as per Level 6, Increment 3 of the Local Government Officers' Award, rounded to the nearest dollar
- D. A Councillor who provides his own vehicle to attend a meeting, deputation or conference or to make an inspection shall be paid such allowance per kilometre as is prescribed in the Local Government Employees Award - State
- E. A Councillor who attends a meeting, deputation or conference or makes an inspection mentioned herein shall be entitled to be paid expenses necessarily incurred by him in attending such meeting, deputation or conference or making such inspection
- F. Superannuation is to be provided on the same basis as for local government employees, participation in the scheme to be by election of the Member.
- G. A Council vehicle is to be provided for use of the Mayor on Council business.

Particulars of Payment

The total remuneration paid to Councillors and superannuation paid on their behalf, was as follows:-

COUNCILLOR	ALLOWANCES \$	EXPENSES \$	SUPERANNUATION \$
Nunn, KR (Mayor)	53,426.00	-	6,411.12
Lehmann, MA (Deputy Mayor)	21,813.00	1,139.06	2,617.56
Campbell, KM	13,747.00	328.74	1,649.64
Carroll, BJ	11,737.00	1,171.80	1,408.44
Coleman, RC	15,440.16	598.92	1,852.82
Dalton, CD	10,974.00	506.88	1,316.88
Fleischfresser, TW	11,928.00	52.78	1,431.36
Moss, WD	10,628.00	671.16	1,275.36
Shaw, MG	11,697.00	39.06	1,403.64
Trout, LJ	10,699.00	326.56	1,283.88
Woods, KFJ	12,067.00	56.43	1,448.04

Meetings Attended

Details of the number of meetings attended by each Councillor:-

COUNCILLOR	GENERAL / SPECIAL / ENTERPRISE BARGAINING MEETINGS	COUNCIL AGENDA MEETINGS	MEETINGS OF LOCAL BODIES
Nunn, KR (Mayor)	16	22	79
Lehmann, MA (Deputy Mayor)	15	11	38
Campbell, KM	15	9	14
Carroll, BJ	14	11	5
Coleman, RC	14	10	32
Dalton, CD	13	10	3
Fleischfresser, TW	13	11	7
Moss, WD	6	4	18
Shaw, MG	13	11	10
Trout, LJ	13	12	2
Woods, KFJ	14	12	11

Note: (i) All Councillors attend meetings and make inspections for which no payment is sought or made. These are not officially recorded and are not included in the above statement.

(ii) Twelve (12) ordinary General Meetings and two (2) Special Meetings were held during the year.

Local Government's Activities to Implement Equal Employment Opportunity Management Plan

- * Statistics for at least the last three (3) years about the number of employees who are members of the target groups and the salary stream and level of the employees.

Response

Self-identification by target group members has not been enforced over the last three (3) years, consequently statistics are not available. The procedures will be reviewed in the coming year.

- * Information about consultation with the following groups and the outcome of the consultation -
 - (1) trade unions that have members who are, or will be, affected by the EEO management plan;
 - (2) the local government's employees, particularly employees who are members of the target groups.

Response

No specific consultation was carried out with Unions and Staff during the year under review. Employees are provided the opportunity to consult with elected representatives and senior staff on a range of issues at regular forums conducted at the Council's works depot.

- * Information about activities undertaken by the local government during the past year to eliminate unlawful discrimination against, or harassment of, the local government's employees.

Response

All employees were required to attend Workplace Behaviour Training Workshops during the year.

- * Information about the local government's forward plan for the implementation of its EEO management plan for the next financial year.

Response

A review of the plan is currently being undertaken to confirm its appropriateness. A survey of employees will be undertaken to update required statistics.

- * Information about any other activities undertaken by the local government to create a positive work environment for the local government's employees.

Response

Council continued its policy of providing employment for trainees and apprentices. Twelve (12) new trainees were engaged during the year. The new employees included eight (8) women.

Council continues to conduct regular Councillor/Staff meetings at the workplace where future plans and work programs are presented to employees. The functions are also used as a forum for employees to raise issues of concern or to make suggestions for improvements to work practices. They also encourage a social relationship between all sections of the organisation.



Kingaroy Shire Council

Community Financial

Report

2005/2006

The Community Financial Report is designed to give readers a better understanding of the financial performance and the financial position of the Council by providing a summary in easy to understand terms of the financial statements.

The annual financial statements report the actual figures for 2004/2005 and 2005/2006. As the Council has a controlling interest in the Kingaroy Private Hospital Limited (refer Note 35), the columns of the statement show the Council result and a consolidated result, which is the Council and the controlled entity combined.

Summary of Annual Financial Statements

Income Statement

This statement is a summary of Council's income and expenditure for the year.

Balance Sheet

This statement is divided into Assets, Liabilities and Equity. Assets are what the Council owns. Liabilities are what the Council owes to external creditors and suppliers. Equity is what remains after the Liabilities have been subtracted from the Assets.

Statement of Changes in Equity

This statement supplements the Balance Sheet, showing the changes that have occurred in each element of equity.

Statement of Cash Flows

This statement tells us where Council obtained cash for the year and where it was applied.

Notes to the Financial Statements

The number shown in the column to the left of the balances column of the above reports is the number of the note relative to that line in the report. Further details of the balances appearing in the above reports can be obtained by referring to the particular note.

This section also provides an explanation of the various accounting policies of Council.

Independent Audit Report

This is a report prepared by the independent auditors stating their audit opinion on the Financial Statements of Council.

Comments on the Financial Statements

Community Equity (Balance Sheet)

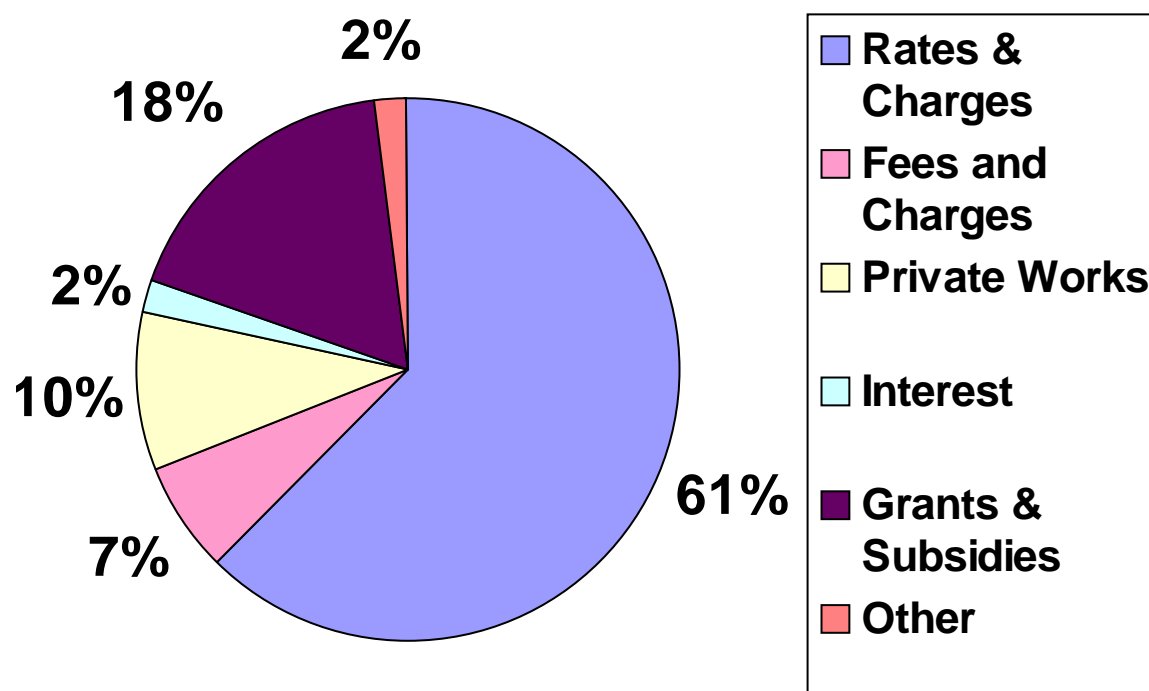
Community equity increased this year by \$39,569,254. This was mainly due to a revaluation of Council's Property, Plant, Equipment and Road assets (Refer Note 18).

Cash at End of Reporting Period (Statement of Cash Flows)

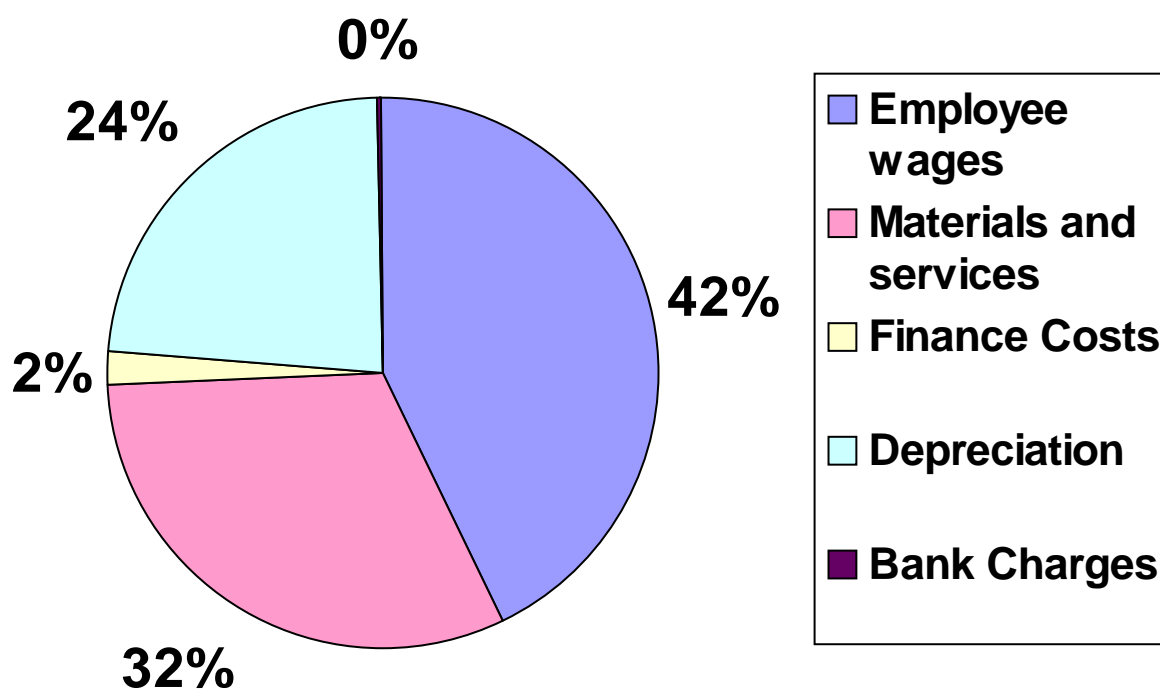
Cash held increased by \$1,187,763 to \$5,946,739, this amount includes unspent loan monies received in the year as follows:

Hospital Refurbishment	\$ 61,915
Library Renovation	\$ 200,000
Heritage Precinct	\$ 160,911
Art Gallery	\$ 4,476
Plant	\$ 18,238
Waste Management Projects	\$ 148,536
	\$ 594,076

View of Council's Operating Revenue (Revenue Statement)



View of Council's Operating Expenditure (Revenue Statement)

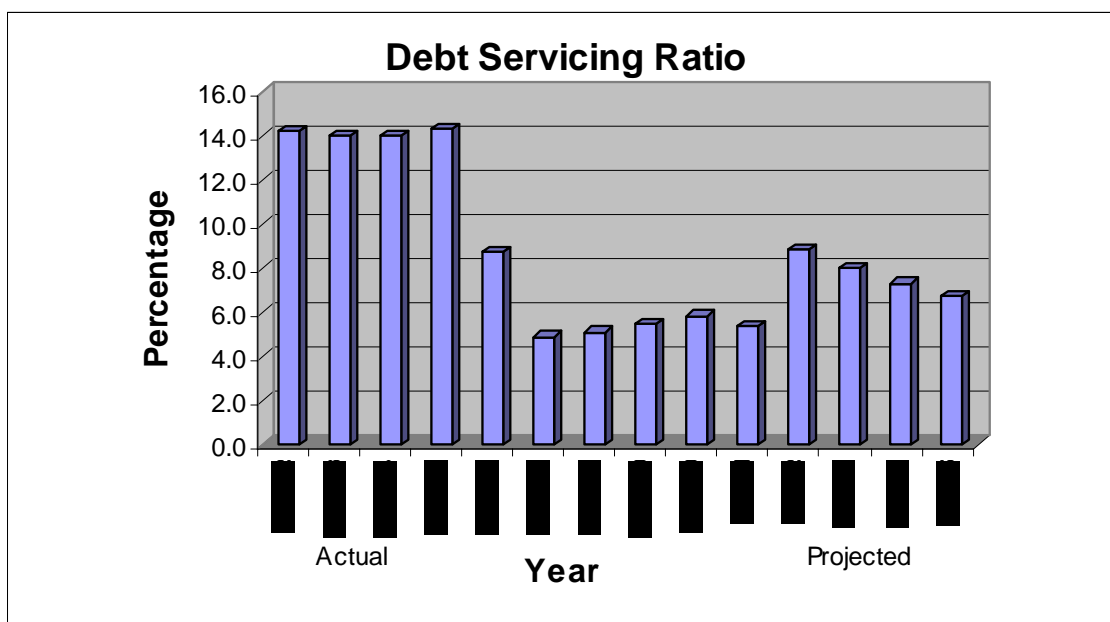


Borrowing

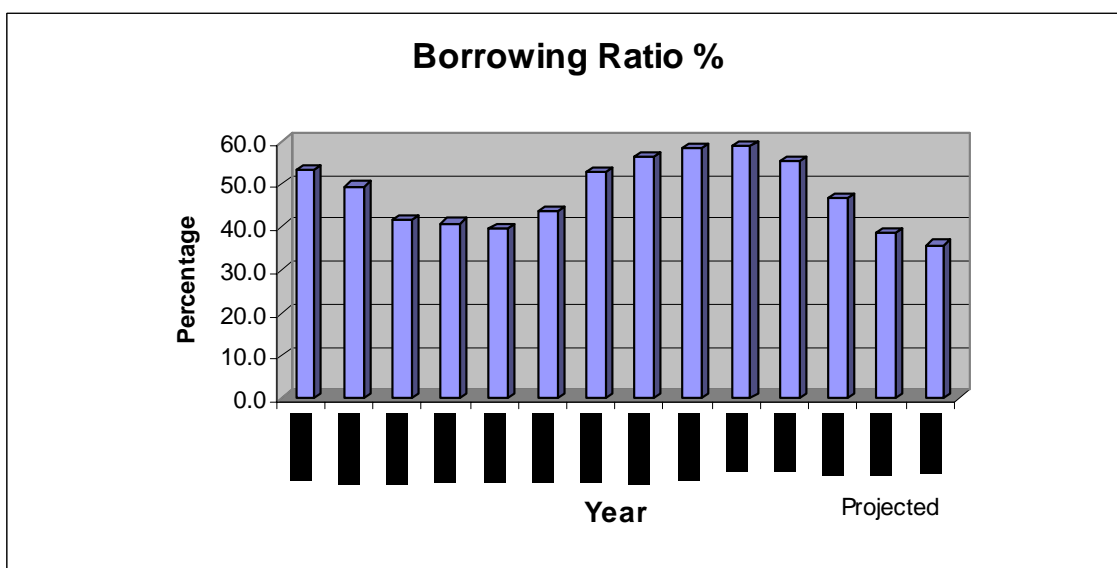
To reduce interest and maximise the principal repayment, Council's annual principal and interest repayments have been made in bulk in September instead of in four quarterly repayments. Council has also been making additional payments to extinguish some of the older debt that is on a higher interest rate. The final payment to extinguish this debt was made in the 2005/2006 year and then the Debt Servicing Payment will return to the standard payment as required by Queensland Treasury Corporation.

The following graphs demonstrate:

The debt servicing ratio shows the percentage of Operating Income used to service debt.



The borrowing ratio shows the relationship between total borrowing and total operating revenue.



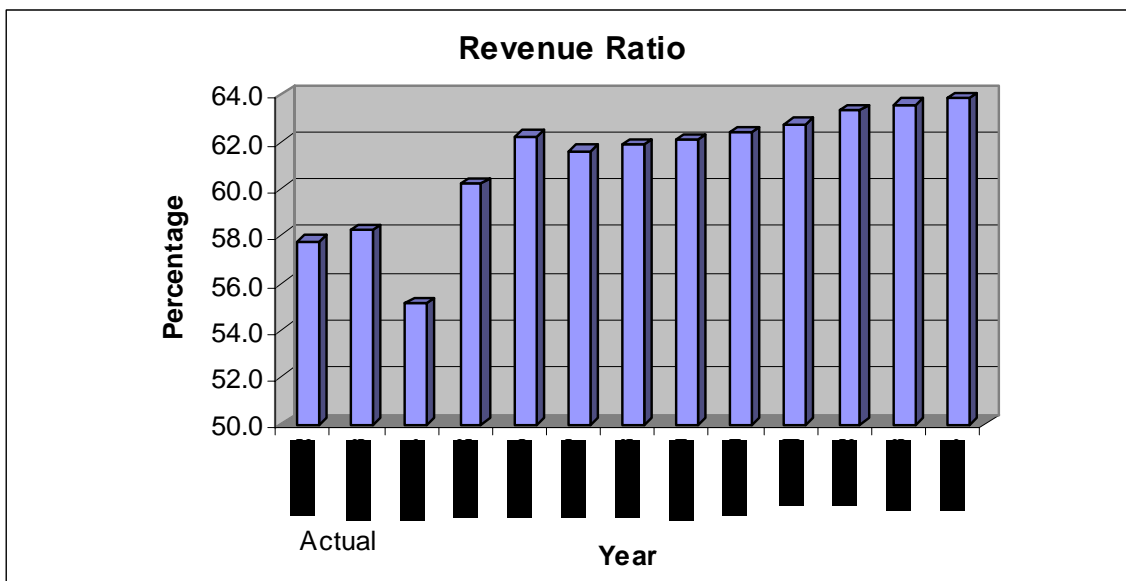
Revenue

The Revenue Ratio shows the percentage of a council's total operating income (excluding items like capital grants) that is derived from rates and charges. The formula used is:

$$\frac{\text{Net Rates \& Utilities Charges Income}}{\text{Total Operating Income}}$$

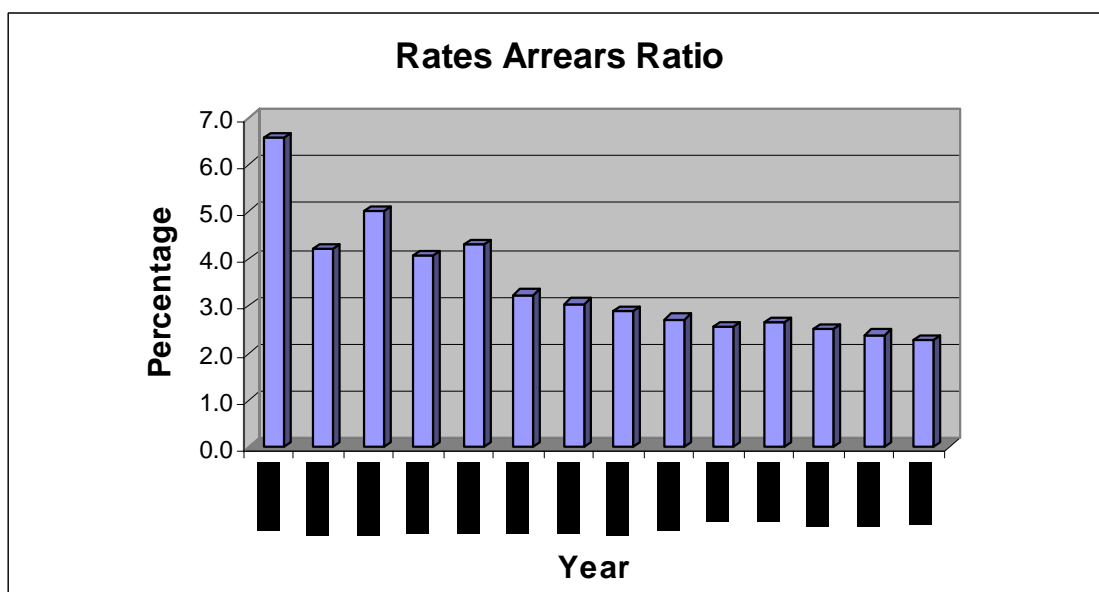
This demonstrates a council's reliance on rate and charges revenue compared with other sources of revenue such as government grants and subsidies or private works.

For councils with a large area and a small population this percentage can be quite small as these councils generally receive relatively high levels of grants and subsidies. For urban councils this percentage can be much higher.



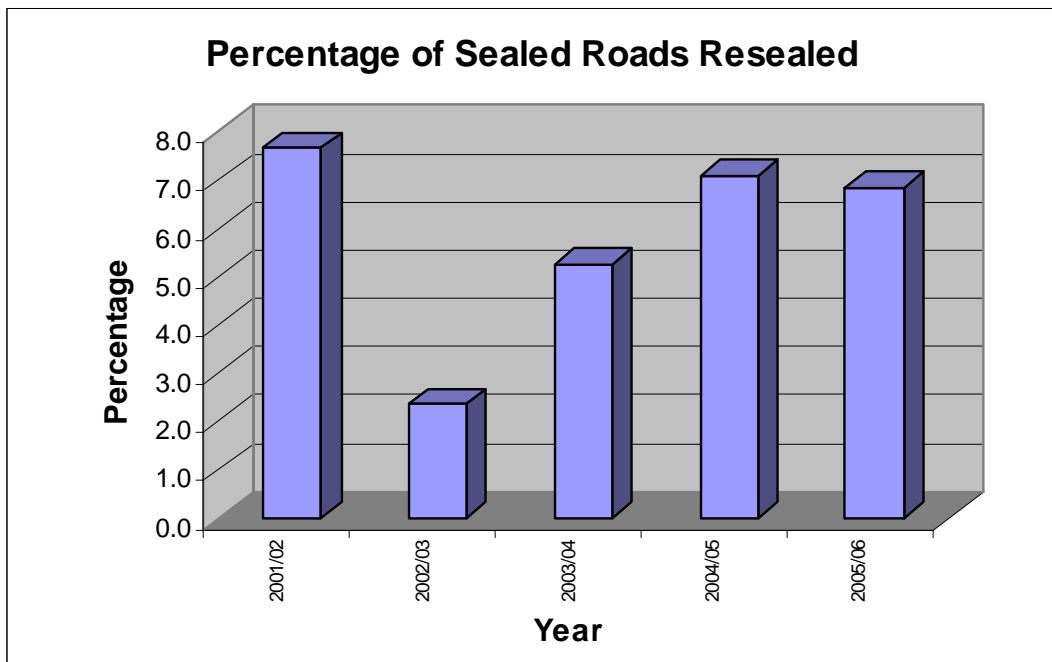
Rates Arrears

The Rates Arrears Ratio shows the percentage of rates outstanding and consequently the effectiveness of Council's collection of rates and charges.



Road Works

This ratio is used to measure the rate at which sealed roads are being resealed. It is generally accepted that, to maintain the sealed network, a ratio of ten percent (10%) per annum is desirable.



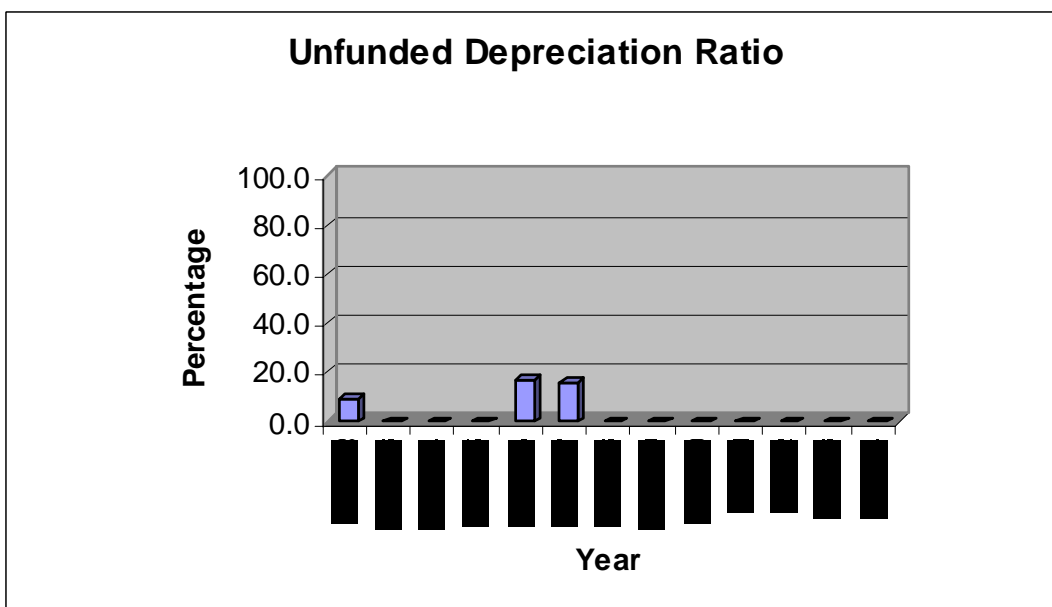
Depreciation

Council's total depreciation expense for the year was \$3,428,366 (Note 11) of which \$592,131 was unfunded.

The "funding" of depreciation creates a pool of cash available for spending on loan redemption, asset purchase and replacement. Council endeavours to fully fund the annual depreciation expense.

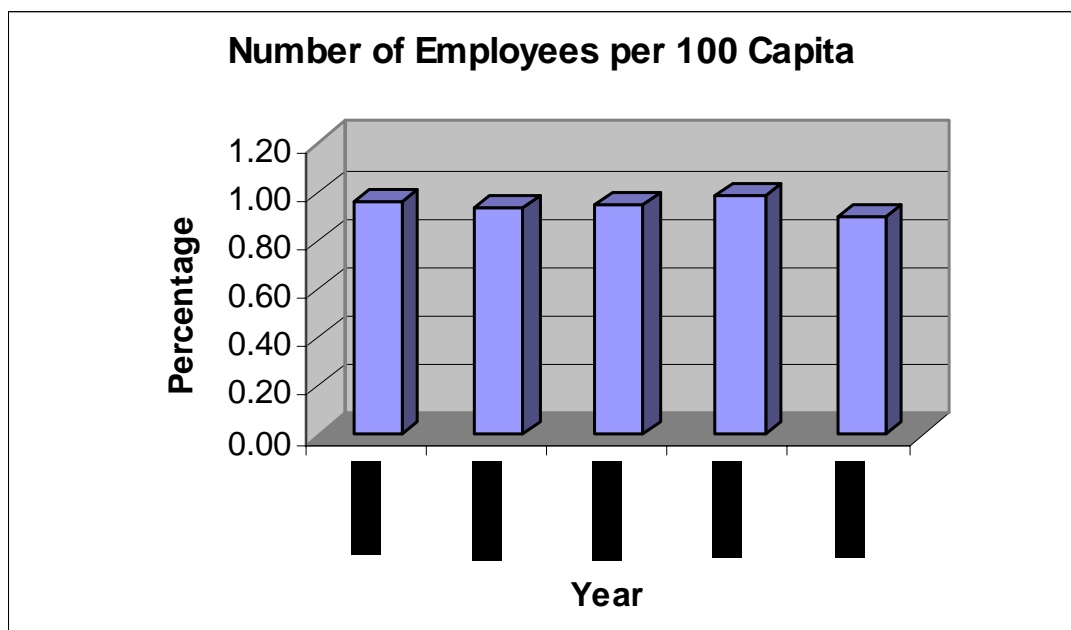
This is the percentage of Council's annual depreciation not funded from current revenue. The formula used is:

$$\frac{\text{Unfunded Depreciation}}{\text{Depreciation Expense}}$$



Employment

This ratio is used to measure the level of staff servicing relative to population size. A "*rule of thumb*" for Councils of Kingaroy's size is one (1) employee per one hundred (100) population.



Major Projects Planned for 2006/2007 Year

Corporate Services

Undertake the Size Shape and Sustainability Review

Partake in the preparation of the South Burnett Disaster Management Plan

Economic Development & Tourism

Finalise renovations to South Burnett Community Hospital

Administration & Finance

Implement Human Resources Program

Cultural Development, Youth & Welfare Services

Investigate alternatives for expansion of the library

Commence feasibility of establishment of the Bjelke Petersen Cultural Centre

Install air-conditioning at the Visitor Information Centre

Natural Resource Management, Pest & Livestock Services

Renovations to the Selling Ring at Coolabunia Saleyards

Protection and enhancement of the Goodger Environmental Area

Recreation and Sport

Develop the Fisher Street park

Update Kingaroy Shire Sport and Recreation plan

Roads, Drainage and Transport Services

Install a new re-fuelling facility at the aerodrome

Engineering Management Services

Commence decontamination of old depot site.

Waste Management Services

Complete improvement of waste management facilities at the Kingaroy land fill site



Kingaroy Shire Council

Financial Matters

Annual Financial
Statements
2005/2006

KINGAROY SHIRE COUNCIL

Financial Report

For the year ended 30 June 2006

Table of Contents

Note

Income Statement

Balance Sheet

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

- 1 Basis of preparation
 - 2 Summary of significant accounting policies
 - 3 Analysis of results by function
 - 4 Revenue analysis
 - 5 Grants, subsidies, contributions and donations
 - 6 Capital income
 - 7 Gain (loss) on the disposal of capital assets
 - 8 Employee benefits
 - 9 Materials and services
 - 10 Finance costs
 - 11 Depreciation
 - 12 Capital expenses
 - 13 Write off of capital assets
 - 14 Cash assets and cash equivalents
 - 15 Trade and other receivables
 - 16 Inventories
 - 17 Other financial assets
 - 18 Property, plant and equipment
 - 19 Capital work in progress
 - 20 Intangible assets
 - 21 Trade and other payables
 - 22 Borrowings
 - 23 Other liabilities
 - 24 Shire Capital
 - 25 Restricted capital funds reserves
 - 26 Asset revaluation reserve
 - 27 Retained surplus
 - 28 Other reserves
 - 29 Commitments for expenditure
 - 30 Events after balance date
 - 31 Contingent liabilities
 - 32 Superannuation
 - 33 Trust funds
 - 34 Reconciliation of net result attributable to council to net cash flow
 - 35 Controlled Entity
 - 36 Transition to International Financial Reporting Standards
 - 37 Financial instruments
 - 38 National competition policy comprising:
 - (a) Activities to which the code of competitive conduct is applied
 - (b) Financial performance of activities subject to competition reforms:
- Management Certificate
- Independent Audit Report

KINGAROY SHIRE COUNCIL

Income Statement

For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
Income					
Revenue					
Recurrent Revenue					
Net rate and utility charges	4 (a)	8,604,769	7,545,269	8,604,769	7,545,269
Fees and charges		2,528,086	2,322,295	911,829	859,677
Interest received	4 (b)	287,832	228,868	287,832	228,868
Sales of contract and recoverable works	4 (c)	1,314,388	1,197,266	1,314,388	1,197,266
Other recurrent income	4 (d)	314,023	297,566	278,916	276,659
Grants, subsidies, contributions and donatic	5 (i)	2,447,019	2,545,122	2,429,073	2,425,385
Total recurrent revenue		15,496,117	14,136,386	13,826,807	12,533,124
Capital revenue					
Grants, subsidies, contributions and donatic	5 (ii)	2,715,632	1,944,623	2,430,082	1,944,623
		2,715,632	1,944,623	2,430,082	1,944,623
Total revenue		18,211,749	16,081,009	16,256,889	14,477,747
Capital income	6	8,268,977	-	8,268,977	-
Total income		26,480,726	16,081,009	24,525,866	14,477,747
Expenses					
Recurrent expenses					
Employee benefits	8	(7,275,663)	(5,750,746)	(6,183,093)	(4,762,773)
Materials and services	9	(5,079,000)	(4,160,882)	(4,562,079)	(3,684,033)
Finance costs	10	(315,595)	(305,944)	(293,719)	(278,284)
Depreciation	11	(3,517,856)	(2,731,947)	(3,428,366)	(2,660,204)
Total recurrent expenses		(16,188,114)	(12,949,519)	(14,467,257)	(11,385,294)
Capital expenses	12	(324,254)	(8,260,083)	(324,254)	(8,260,083)
Total expenses		(16,512,368)	(21,209,602)	(14,791,511)	(19,645,377)
Net result attributable to council		9,968,358	(5,128,593)	9,734,355	(5,167,630)

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

KINGAROY SHIRE COUNCIL

Balance Sheet

as at the 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
Current Assets					
Cash assets and cash equivalents	14	5,946,739	4,758,976	6,023,129	4,998,690
Trade and other receivables	15 (a)	1,288,504	958,448	1,074,053	775,684
Inventories	16	454,305	461,425	397,896	395,694
Other financial assets	17	193,194	165,862	138,032	129,523
		<u>7,882,742</u>	<u>6,344,711</u>	<u>7,633,110</u>	<u>6,299,591</u>
Non-current Assets					
Trade and other receivables	15 (b)	13,455	-	13,455	-
Property, plant and equipment	18 (a) (b)	141,516,340	102,364,486	140,695,071	101,951,200
Capital works in progress	19	1,182,489	1,304,635	1,182,489	1,304,635
Intangible assets	20	185,193	185,193	185,193	185,193
		<u>142,897,477</u>	<u>103,854,314</u>	<u>142,076,208</u>	<u>103,441,028</u>
TOTAL ASSETS		<u>150,780,219</u>	<u>110,199,025</u>	<u>149,709,318</u>	<u>109,740,619</u>
Current Liabilities					
Trade and other payables	21	2,941,705	2,544,338	2,459,620	2,288,086
Borrowings	22	427,799	963,600	427,799	963,600
Other	23	191,367	122,233	38,708	122,233
		<u>3,560,871</u>	<u>3,630,171</u>	<u>2,926,127</u>	<u>3,373,919</u>
Non-current Liabilities					
Trade and other payables	21	460,918	255,910	460,918	255,910
Borrowings	22	5,034,576	4,158,344	5,034,576	4,158,344
		<u>5,495,494</u>	<u>4,414,254</u>	<u>5,495,494</u>	<u>4,414,254</u>
TOTAL LIABILITIES		<u>9,056,365</u>	<u>8,044,425</u>	<u>8,421,621</u>	<u>7,788,173</u>
NET COMMUNITY ASSETS		<u>141,723,854</u>	<u>102,154,600</u>	<u>141,287,697</u>	<u>101,952,446</u>
Community Equity					
Capital	24	98,395,665	89,307,284	97,574,395	88,893,998
Restricted capital funds reserves	25	1,189,972	842,989	1,189,972	842,989
Asset revaluation reserve	26	39,168,804	9,567,908	39,168,804	9,567,908
Retained surplus	27	(1,618,846)	(244,870)	(948,183)	(33,738)
Other reserves	28	4,588,259	2,681,289	4,302,709	2,681,289
TOTAL COMMUNITY EQUITY		<u>141,723,854</u>	<u>102,154,600</u>	<u>141,287,697</u>	<u>101,952,446</u>

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

KINGARROY SHIRE COUNCIL

Statement of Cash Flows

For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
	Note	\$	\$	\$	\$
Cash flows from operating activities :					
Receipts					
General rates and utility charges		8,541,320	7,594,469	8,541,320	7,594,469
Rental and levies, fees and charges		2,235,254	2,190,442	650,684	806,596
Grants, subsidies and contributions		2,599,678	2,545,122	2,429,073	2,425,385
Interest received		280,951	229,509	280,951	229,509
Other income		1,544,886	1,575,299	1,509,779	1,554,392
GST received		1,029,113	691,158	1,029,113	691,158
Payments					
Payments to suppliers		(4,950,128)	(4,030,301)	(4,633,382)	(3,564,694)
Payment to employees		(6,968,673)	(5,535,025)	(5,887,521)	(4,557,492)
Interest expense		(284,934)	(280,079)	(267,797)	(258,490)
GST paid		(881,411)	(790,617)	(881,411)	(790,617)
Net cash inflow (outflow) from operating acti	34	3,146,056	4,189,977	2,770,809	4,130,216
Cash flows from investing activities:					
Payments for property, plant and equipment		(5,695,983)	(5,679,254)	(5,198,510)	(5,576,118)
Proceeds from sale of property plant and equipr	7	694,038	339,841	694,038	339,841
Net movement in loans and advances		(12,411)	2,150	(12,411)	2,150
Net cash inflow (outflow) from investing activities		(5,014,356)	(5,337,263)	(4,516,883)	(5,234,127)
Cash flows from financing activities:					
Grants, subsidies and contributions for capital a-	5				
State Government subsidies & grants		1,577,546	818,028	1,291,996	818,028
Capital contributions		1,138,086	444,831	1,138,086	444,831
Proceeds from borrowings	22	1,280,000	1,270,189	1,280,000	1,270,189
Repayment of borrowings	22	(939,569)	(1,542,847)	(939,569)	(1,542,847)
Net cash inflow (outflow) from financing activities		3,056,063	990,201	2,770,513	990,201
Net increase (decrease) in cash held		1,187,763	(157,085)	1,024,439	(113,710)
Cash at beginning of reporting period		4,758,976	4,916,061	4,998,690	5,112,400
Cash at end of reporting period	14	5,946,739	4,758,976	6,023,129	4,998,690

KINGARROY SHIRE COUNCIL

Statement of Changes in Equity For the year ended 30 June 2006

Council	Total		Retained surplus (deficit)		Other reserves		Councils Capital Equity comprises					
							Restricted Capital Reserve		Asset revaluation reserve		Council Capital	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Balance at beginning of period	101,952,446	107,001,938	(33,738)	474,001	2,681,289	2,209,407	842,989	1,245,174	9,567,908	9,449,770	89,893,998	93,623,566
Net result for the period	9,734,355	(5,167,630)	9,734,355	(5,167,630)	-	-	-	-	-	-	-	-
Transfers to capital	-	-	(7,933,927)	-	-	-	-	-	-	-	7,933,927	-
Transfers to general reserves	-	-	(2,795,930)	(1,430,450)	2,796,930	1,430,450	-	-	-	-	-	-
Transfer of funds expended	-	-	-	-	(1,093,453)	(754,766)	-	(423,620)	-	-	1,093,453	1,178,386
Transfers from capital	-	-	-	5,886,539	-	-	346,983	21,435	-	-	(346,983)	(5,907,974)
Transfers from general reserve	-	-	82,057	203,802	(82,057)	(203,802)	-	-	-	-	-	-
Asset revaluation adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Revaluations and impairment	29,600,896	118,138	-	-	-	-	-	-	-	-	-	-
Balance at end of period	141,237,697	101,952,446	(945,183)	(33,738)	4,302,709	2,681,289	1,189,972	842,989	29,600,896	118,138	97,574,395	89,893,998

Statement of Changes in Equity For the year ended 30 June 2006

Consolidated	Total		Retained surplus (deficit)		Other reserves		Councils Capital Equity comprises					
							Restricted Capital Reserve		Asset revaluation reserve		Council Capital	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Balance at beginning of period	102,154,600	107,165,055	(244,870)	239,629	2,581,289	2,225,003	842,989	1,245,174	9,567,908	9,449,770	89,307,284	94,005,479
Net result for the period	9,968,358	(5,128,593)	9,968,358	(5,128,593)	-	-	-	-	-	-	-	-
Revaluations and impairment	29,600,896	118,138	-	-	-	-	-	-	29,600,896	118,138	-	-
Transfers to capital	-	-	-	-	-	-	-	-	-	-	-	-
Balance at end of period	141,723,854	102,154,600	(1,618,846)	(244,870)	4,588,259	2,681,289	1,189,972	842,989	39,168,804	9,567,908	98,355,665	89,307,284

The above statement should be read in conjunction with the accompanying notes and Summary of Significant Accounting Policies.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

1 Basis of preparation

1.01 General

The financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS and other policy changes are provided in Note 44.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (IFRS). Because the Council is a not-for-profit entity and the Australian accounting standards include requirements for not-for-profit entities which are inconsistent with IFRS, to the extent these inconsistencies are applied this Report does not comply with IFRS. The main impact is in the offsetting of revaluation and impairment gains and losses within a class of assets.

This financial report has been prepared as a general purpose financial report and complies with the requirements of the *Local Government Act 1993*, the *Local Government Finance Standard 2005*, and the Australian Accounting Standards including AAS27.

Except where otherwise stated the financial report has been prepared in accordance with the historical cost basis.

1.02 Early adoption of new Accounting Standards.

The following Australian Accounting Standards are not mandatory for the financial year 2005-06 but, as permitted, have been applied in preparing this report.:

AASB7
AASB2005-1, 4, 5, 6, 9, 10
AASB2006-1

None of these Standards makes a material difference to the information reported.

1.03 Currency

The Council uses the Australian Dollar as its functional currency and its presentation currency.

1.04 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Kingaroy Shire Council (Council) as at 30 June 2006 and the results of all controlled entities for the year then ended. The Council and its controlled entities together form the economic entity which is referred to in this financial report as the consolidated entity.

In the process of reporting the Council as a single economic entity, all transactions with entities controlled by the Council have been eliminated.

1.05 Constitution

The Kingaroy Shire Council is constituted under the Queensland Local Government Act 1993 and is domiciled in Australia.

1.06 Date of authorisation

The financial report was authorised for issue on the date it was submitted to the Auditors for final signature. This is the date the management certificate is signed.

The Local Government has the power to amend the Financial Report after it is authorised for issue until the adoption of the report by the Local Government as part of the Annual Report.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

2 Summary of Significant Accounting Policies

2.01 Rates, Grants and Other Revenue

(i) Rates

Rates, Grants and Other Revenue are recognised as revenue on receipt of funds or earlier unconditional entitlement to the funds.

(ii) Grants and Subsidies

Where the Council has an obligation to use a grant or subsidy in a particular manner the amount is recognised as revenue on receipt. An equivalent amount is placed in the constrained works reserve until the obligation is satisfied.

(iii) Non-Cash Contributions

Non-cash contributions in excess of the recognition thresholds set out in note 2.09 in value, are recognised as revenue and as non-current assets. Non-cash contributions below the thresholds are recorded as revenue only.

(iv) Other Revenue Including Contributions

Other Revenue is recognised as a receivable when it is probable that it will be received and the amount is known, otherwise the amount is recognised upon receipt.

2.02 Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked as well as deposits at call with financial institutions. It also includes bank overdrafts and liquid investments with short periods to maturity that are readily convertible to cash at the Council's option without penalty and that are subject to a low risk of changes in value.

The Council considers all its term deposits, being for periods of less than one year to be cash equivalents.

2.03 Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery, settlement on trade debtors being generally required within 30 days from the invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off at 30 June.

Loans and advances are recognised at cost. Security is not normally obtained.

2.04 Other Financial Assets

Other Financial Assets are recognised at cost.

2.05 Inventories

Stores and raw materials are valued at the lower of cost and net realisable value and include, where applicable, direct material, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average cost.

Inventories held for distribution are:

- goods to be supplied at no, or nominal, charge, and
- Goods to be used for the provision of services at no, or nominal, charge.

These goods are valued at cost.

2.06 Land Held for Resale

Land acquired with the intention of reselling it (with or without further development) is classified as inventory. As inventory this land is valued at the lower of cost or net realisable value. Inventory items are always treated as current assets.

Profit arising upon sale of land is recognised in the Statement of Financial Performance on the signing of a valid unconditional contract of sale.

Land acquired for use by the Council which is no longer required is reclassified within property, plant and equipment to land held for development and resale. It continues to be measured at fair value until it is actively being marketed and expected to be sold within one year. When this occurs it is transferred to Non-current assets held for resale and revalued at fair value less costs to sell.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

2.07 Investments

Financial institution deposits at call and term deposits are treated as cash equivalents

Interest and dividend revenues are recognised on an accrual basis.

The controlled entity is accounted for at cost in the Council's separate financial statements

2.08 Investment Property

Rental revenue from investment property is recognised as income on a periodic straight line basis over the lease term.

2.09 Property, Plant and Equipment

Each class of property, plant and equipment is stated at cost or fair value less, where applicable, any accumulated depreciation and accumulated impairment loss. Items of computer equipment with a total value of less than \$1,500, and other plant and equipment, infrastructure assets, land, and buildings with a total value of less than \$5,000 are treated as an expense in the year of acquisition. All other items of property, plant and equipment are capitalised.

(i) Acquisition of Assets

Acquisitions of assets are initially recorded at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including freight in, architect's fees and engineering design fees and all other establishment costs.

Non-monetary assets, including property, plant and equipment, received in the form of contributions and assets received in a local government restructure, are recognised as assets and revenues at fair value by Council valuation where that value exceeds the recognition thresholds for the respective asset class. Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

(ii) Capital and operating expenditure

Wage and materials expenditure incurred for the acquisition or construction of assets are treated as capital expenditure. Routine operating maintenance, repair costs and minor renewals to maintain the operational capacity of the non-current asset is expensed as incurred, while expenditure that relates to replacement of a major component of an asset to maintain its service potential is capitalised.

The Council has determined that individual items of plant and equipment with a cost in excess of \$1m are of high value to the local government. There are no items which meet this criteria. All other items of plant and equipment are measured on the cost basis.

(iii) Valuation

Land, buildings, infrastructure and heritage and cultural assets are measured on the revaluation basis, at fair value, in accordance with AASB116 Property, Plant and Equipment and the Local Government Finance Standard 2005. All other non-current assets, principally plant and equipment and intangibles, are measured at cost.

Non-current physical assets measured at fair value are revalued where required so that the carrying amount of each class of asset does not materially differ from its fair value at the reporting date. This revaluation may involve the application of a suitable index to the cost elements of each asset, or may involve an independent assessment of the value. Only those assets, the total values of which are material, compared to the value of the class of assets to which they belong, are comprehensively revalued.

Details of valuers and methods of valuations are disclosed in Note 18 (c).

Plant and equipment, other than major plant and equipment, are measured at depreciated cost. The carrying amounts for plant and equipment measured at depreciated cost should not differ materially from their fair value.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

(iv) Depreciation

Land is not depreciated as it has an unlimited useful life. Depreciation on other property, plant and equipment is calculated on a straight-line basis so as to write-off the net cost or revalued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Council.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use.

Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Major spares purchased specifically for particular assets that are above the asset recognition threshold are capitalised and depreciated on the same basis as the asset to which they relate.

The depreciable amount of improvements to or on leasehold land is allocated progressively over the estimated useful lives of the improvements to the Council or the unexpired period of the lease, whichever is the shorter.

The estimated useful lives of property, plant and equipment are reviewed annually. Details of the range of useful lives for each class of asset are shown in note 18

(v) Unfunded Depreciation

Kingaroy Shire Council has elected not to fund depreciation expenses for assets that will not be replaced or external funding sources other than loans will be obtained to fund their replacement. Depreciation is funded to the extent necessary to meet future replacement capital works.

2.10 Intangible Assets

Only intangible assets which have a cost exceeding \$10,000 are recognised as intangible assets.

Expenditure on internally generated intangible assets is recognised from the date of the approval by the Council of a capital expenditure authorisation for the acquisition or development of the asset. This approval is taken to indicate that the project meets the criteria for recognition in AASB138.57

Expenditure on internally generated assets, up to the decision to generate the asset in a particular form, is research expenditure and is not capitalised.

It has been determined that there is not an active market for any of the department's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

2.11 Capital Work in Progress

The cost of property, plant and equipment being constructed by the Council includes the cost of purchased services, materials, direct labour and an appropriate proportion of labour overheads.

2.12 Biological Assets

The Council operates a nursery to produce bedding plants and trees for its own use. In view of the immaterial nature of this operation the accounting procedures related to biological assets have not been applied. The costs incurred in this operation are included in Councils general operations as they are incurred.

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

2.13 Impairment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.14 Leases

Leases of plant and equipment under which the Council assumes substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. Other leases, where substantially all the risks and benefits remain with the lessor, are classified as operating leases.

(i) Finance leases

Finance leases are capitalised in that a lease asset and a liability equal to the fair value of the leased property (or the present value of the minimum lease payments, if lower) are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged as finance costs. The asset is accounted for on the same basis as other assets of the same class. Contingent rentals are written off as an expense in the accounting period in which they are incurred.

(ii) Operating leases

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

2.15 Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the agreed purchase/contract price net of applicable discounts other than contingent discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

2.16 Liabilities - Employee Benefits

Employee benefits are accrued for such items as wages and salaries, annual leave and long service leave in respect of services provided by the employees up to the reporting date. Liabilities for employee entitlements are assessed at each reporting date. Where it is expected that the leave will be taken in the next twelve months the liability is treated as a current liability. Otherwise the liability is treated as non-current.

(i) Salaries and Wages

A liability for salaries and wages is recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. This liability is treated as a payable and not as a provision.

(ii) Annual Leave

A liability for annual leave is recognised. The current portion is based on current wage and salary levels and includes related employee on-costs. The non current portion is based on projected future wage and salary levels and related employee on-costs discounted to present values. This liability is treated as a payable and not as a provision.

(iii) Sick Leave

Sick leave taken in the future will be met by future entitlements and hence no recognition of sick leave has been made in these financial statements.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

(iv) Superannuation

The superannuation expense for the reporting period is the amount of the contribution the local government makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in Note 32.

(v) Long Service Leave

A liability for long service leave is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value. The value of the liability was calculated using current pay rates and projected future increases in those rates and includes related employee on-costs.

2.17 Borrowings

Loans payable are measured at amortised cost. Interest is recognised as it accrues. Borrowing costs are treated as an expense and not capitalised.

2.18 Asset Revaluation Reserve

The asset revaluation reserve comprises adjustments relating to changes in value of property, plant and equipment that do not result from the use of those assets. Net incremental changes in the carrying value of classes of non-current assets since their initial recognition are accumulated in this reserve.

Increases and decreases on revaluation are offset within a class of assets.

Where a class of assets is decreased on revaluation, that decrease is offset first against the amount remaining in the asset revaluation reserve in respect of that class. Any excess is treated as an expense.

When an asset is disposed of the amount in the reserve in respect of that asset is retained in the reserve.

2.19 Reserves held for future capital expenditure

These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future capital assets needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

Constrained works reserve

This reserve is credited with all grants, subsidies and contributions of monetary revenue received during the reporting period and constrained for the purpose of funding specific capital expenditure. As the expenditure is incurred on specified capital assets the equivalent funds are transferred to the capital account. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor.

Asset Replacement reserve

This is a cash backed reserve and represents funds that are accumulated within Council to meet anticipated future capital assets needs. The amount relates to a perceived future requirement which is not currently a liability.

2.20 Reserves held for funding future recurrent expenditure:

These are cash backed reserves and represent funds that are accumulated within the Council to meet anticipated future recurrent or operating expenditure needs. In each case the amount relates to a perceived future requirement which is not currently a liability.

Carryover income reserve

This is a reserve credited with grants, subsidies and contributions of monetary revenue received during the reporting period for the purpose of funding specific recurrent expenditure. The closing balance reported at the period end represents funds not yet expended and must be retained until expended in the manner specified by the contributor.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

2.21 Retained surplus

This represents that part of the Council's net funds not required to meet immediate requirements or to meet specific future needs. The balance of this account at the end of each financial year represents the amount available to Council that may be used to offset against expenditure in the following year or, if a deficit, the additional amount of revenue needed to be raised in the following year. In accordance with the Queensland Local Government Finance Standards all Councils must budget to either expend or appropriate all revenue raised by the Council in each financial year.

2.23 National Competition Policy

The Council has reviewed its activities and has identified three activities that are business activities. Details of these activities can be found in Note 38.

2.24 Rounding and Comparatives

Amounts included in the financial statements have been rounded to the nearest \$1.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

2.25 Financial Risk Management

The Council minimises its exposure to financial risk in the following ways:

Investments in financial assets are only made where those assets are with a bank or other financial institution in Australia and are for a period of less than one year.

The Council does not invest in derivatives or other risky investments.

When the Council borrows, it borrows from the Queensland Treasury Corporation unless another financial institution can offer a more beneficial rate, taking into account any risk.

Details of financial instruments and the associated risks are shown at Note 37.

2.26 Trust Funds Held for Outside Parties

Funds held in the Trust Account on behalf of outside parties include those funds from the sale of land for arrears in rates, deposits for the contracted sale of land, security deposits lodged to guarantee performance and unclaimed monies (e.g. wages) paid into the Trust Account by the Council. The Council performs only a custodian role in respect of these monies and because the monies cannot be used for Council purposes, they are not considered revenue nor brought to account in the financial statements.

The monies are disclosed in the notes to the financial statements for information purposes only.

2.27 Taxation

Income of local authorities and public authorities is exempt from Commonwealth taxation except for Fringe Benefits Tax and Goods and Services Tax ('GST'). The net amount of GST recoverable from the ATO or payable to the ATO is shown as an asset or liability respectively. The controlled entity of the Council pays an income tax equivalent to the Council in accordance with the requirements of the *Local Government Act 1993*.

Where an activity of the controlled entity of the Council is subject to the National Tax Equivalents Regime, the income tax expense is calculated on the operating surplus adjusted for permanent differences between taxable and accounting income. These transactions are eliminated upon consolidation.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2006

3 Analysis of results by function

(a) Revenue, expenses and assets have been attributed to the following functions :

Functions	Revenue		Total revenue	Total expenses	Net result for period	Assets
	Grants	Other				
	2006 \$	2006 \$	2006 \$	2006 \$	2006 \$	2006 \$
Corporate Services	22,138	3,097	25,235	608,242	(583,007)	484,826
Economic Development & Tourism	400	386,380	386,780	617,068	(230,288)	3,200,215
Planning & Natural Resource Management	-	339,706	339,706	281,200	58,506	1,734
Administration and Finance	1,311,210	5,648,527	6,959,737	2,030,883	4,928,854	7,290,954
Cultural Development, Youth & Welfare	510,092	43,018	553,110	943,686	(390,576)	6,461,430
Roads, Drainage & Transport Services	1,629,458	9,111,884	10,741,342	3,811,693	6,929,649	87,158,506
Water Services	-	2,681,496	2,681,496	2,017,814	663,682	18,238,224
Environmental Health Services	23,255	1,072,799	1,096,054	1,666,549	(570,495)	2,437,922
Building	-	56,170	56,170	66,125	(9,955)	24,688
Engineering Management Services	-	189,811	189,811	772,808	(582,997)	10,460,374
Recreation & Sport	29,246	61,679	90,925	563,440	(472,515)	6,854,931
Sewerage Services	-	1,329,215	1,329,215	840,821	488,394	6,335,978
Rural Services	3,313	72,972	76,285	571,182	(494,897)	759,536
Total Council	3,529,112	20,996,754	24,525,866	14,791,511	9,734,355	149,709,318
Controlled entity net of eliminations	285,550	1,669,310	1,954,860	1,631,367	323,493	1,050,654
Total consolidated	3,814,662	22,666,064	26,480,726	16,422,878	10,057,848	150,759,972

Prior Year

Functions	Revenue		Total revenue	Total expenses	Net result for period	Assets
	Grants	Other				
	2005 \$	2005 \$	2005 \$	2005 \$	2005 \$	2005 \$
Corporate Services	4,300	3,319	7,619	417,883	(410,264)	321,374
Economic Development & Tourism	88,382	180,364	268,746	647,718	(378,972)	1,734,724
Planning & Natural Resource Management	39,414	166,277	205,691	370,752	(165,061)	577
Administration and Finance	1,285,810	4,428,239	5,714,049	1,252,132	4,461,917	6,655,537
Cultural Development, Youth & Welfare	520,989	30,047	551,036	723,862	(172,826)	3,432,133
Roads, Drainage & Transport Services	1,180,880	2,199,060	3,379,940	11,162,501	(7,782,561)	62,140,661
Water Services	59,966	1,957,063	2,017,029	1,824,583	192,446	17,470,925
Environmental Health Services	15,922	935,412	951,334	1,353,699	(402,365)	1,363,316
Building	-	53,901	53,901	85,294	(31,393)	25,697
Engineering Management Services	16,500	217,857	234,357	644,238	(409,881)	7,667,275
Recreation & Sport	31,250	30,598	61,848	464,552	(402,704)	2,638,770
Sewerage Services	-	1,032,197	1,032,197	731,935	300,262	5,723,794
Rural Services	-	-	-	306,069	(306,069)	565,837
Total Council	3,243,413	11,234,334	14,477,747	19,985,218	(5,507,471)	109,740,620
Controlled entity net of eliminations	-	-	-	1,629,956	(1,629,956)	714,739
Total consolidate	3,243,413	11,234,334	14,477,747	21,615,174	(7,137,427)	110,455,359

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

2 (b) Components of council functions

The activities relating to the Council's components reported on in Note 2. (a) are as follows :

Corporate Services

To provide leadership and efficiently manage the policy functions and community consultation processes of the Council.

Economic Development & Tourism

To encourage new business and industry to the Shire, to encourage expansion of existing business and to promote tourism, which in turn will provide greater employment opportunities within the Shire.

Planning & Natural Resource Management

To ensure that the Shire develops in an orderly, responsible and ecologically sustainable manner which will enhance the lifestyle of present and future residents.

Administration and Finance

To efficiently effectively and economically manage Council's resources in a way that achieves maximum community benefit.

Cultural Development, Youth & Welfare

To provide and or maintain facilities and encourage the development of recreational, cultural and social activities which improve the lifestyle of the community.

Roads, Drainage & Transport Services

To develop and maintain the Shire's road and street network and other infrastructure, including the aerodrome and swimming pool.

Water Services

To provide public water supplies for Kingaroy, Kumbia and Wooroolin of adequate and reliable quantity and quality.

Environmental Health Services

To maintain and improve the quality of life within the Shire through appropriate standards of public health and environmental control.

Building

To ensure that all buildings and structures are in accordance with current legislation.

Engineering Management Services

To efficiently, effectively and economically manage engineering assets and infrastructure.

Recreation & Sport

To provide and maintain sporting and recreational facilities and to encourage sporting and community groups to develop facilities, events and programs which improve the lifestyle of the community.

Sewerage Services

To provide an efficient and effective sewerage scheme for Kingaroy which meets all environmental standards.

Rural Services

To provide services to manage the effect of plant and animal pests, to maintain a livestock selling facility and through consultation with the community and liaison with governments to manage the Shire's natural resources.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2006	2005
	Actual	Actual	Actual	Actual
Note	\$	\$	\$	\$
4 Revenue analysis				
(a) Rate and charges				
General rates	5,174,444	3,985,327	5,174,444	3,985,327
Separate rates	8,785	808,823	8,785	808,823
Environment Levy	140,098	109,716	140,098	109,716
Water	778,416	734,541	778,416	734,541
Water consumption, rental and sundries	1,364,413	1,013,425	1,364,413	1,013,425
Sewerage	944,860	767,757	944,860	767,757
Garbage charges	894,187	773,116	894,187	773,116
Rates and utility charge revenue	9,305,203	8,192,705	9,305,203	8,192,705
Less: Discounts	(700,434)	(647,436)	(700,434)	(647,436)
Net rates and utility charges	8,604,769	7,545,269	8,604,769	7,545,269
(b) Interest received				
Investments	263,826	245,698	263,826	245,698
Over due rates and utility charges	24,006	(16,830)	24,006	(16,830)
	287,832	228,868	287,832	228,868
(c) Sales of contract and recoverable works				
Revenue	1,314,388	1,197,266	1,314,388	1,197,266
	1,314,388	1,197,266	1,314,388	1,197,266
The amount recognised as revenue from contract works during the period is the amount receivable in respect of invoices issued during the period.				
There are no contracts in progress at the year end.				
The contract work carried out is not subject to retentions.				
(d) Other recurrent income				
Other Income	314,023	297,566	278,916	276,659
	314,023	297,566	278,916	276,659

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
5 Grants, subsidies, contributions and donations					
(i) Recurrent - grants and subsidies, other contributions and donations are analysed as follows:					
General purpose grants		1,880,611	1,826,535	1,880,611	1,826,535
State Government subsidies & grants		356,505	598,850	356,505	598,850
Contributions		209,903	119,737	191,957	-
Total recurrent revenue		<u>2,447,019</u>	<u>2,545,122</u>	<u>2,429,073</u>	<u>2,425,385</u>
(ii) Capital - grants and subsidies, other contributions and donations are analysed as follows:					
(a) Monetary revenue designated for capital funding purposes:					
State Government subsidies & grants		1,577,546	818,028	1,291,996	818,028
Contributions		1,138,086	444,831	1,138,086	444,831
		<u>2,715,632</u>	<u>1,262,859</u>	<u>2,430,082</u>	<u>1,262,859</u>
(b) Non-monetary revenue received is analysed as follows:					
Donations from third parties at fair value		-	681,764	-	681,764
		-	681,764	-	681,764
Total capital revenue		<u>2,715,632</u>	<u>1,944,623</u>	<u>2,430,082</u>	<u>1,944,623</u>
6 Capital income					
Gain on the sale of capital assets	7	239,143	-	239,143	-
Recovery of revaluation down of property, plant and equipment	22	8,029,834	-	8,029,834	-
		<u>8,268,977</u>	-	<u>8,268,977</u>	-
7 Gain (loss) on the disposal of capital assets					
(a) Proceeds from the sale of plant & equipment		320,809	299,841	320,809	299,841
Less: Book value of plant & equipment disposed		(313,495)	(356,267)	(313,495)	(356,267)
	4	<u>7,314</u>	<u>(56,426)</u>	<u>7,314</u>	<u>(56,426)</u>
(b) Proceeds from the sale of land and improvements		373,229	40,000	373,229	40,000
Less: Book value of land and improvements sold		(141,400)	(13,359)	(141,400)	(13,359)
		<u>231,829</u>	<u>26,641</u>	<u>231,829</u>	<u>26,641</u>
Total gain (loss) on the disposal of capital assets		<u>239,143</u>	<u>(29,785)</u>	<u>239,143</u>	<u>(29,785)</u>

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
8 Employee benefits					
Operational staff wages and salaries		5,376,235	4,135,244	4,480,479	3,147,271
Councillors' remuneration		161,950	173,318	161,950	173,318
Annual, sick and long service leave entitlements		828,063	680,998	733,782	680,998
Superannuation	32	670,487	535,136	588,869	535,136
		7,036,735	5,524,696	5,965,080	4,536,723
Other employee related expenses		238,928	226,050	218,013	226,050
		<u>7,275,663</u>	<u>5,750,746</u>	<u>6,183,093</u>	<u>4,762,773</u>

Wages and salaries exclude capitalised wages charged to the construction of capital assets.

Councillor remuneration represents salary, and other allowances paid in respect of carrying out their duties.

Total Council employees at 30 June :	2006	2005	2006	2005
Elected members	11	11	11	11
Administration staff	40	51	27	47
Depot and outdoors staff	75	127	75	83
Total full time equivalent employees	<u>126</u>	<u>189</u>	<u>113</u>	<u>141</u>

9 Materials and services

Audit services	37,120	34,505	30,140	27,800
Donations paid	27,294	29,445	27,294	29,445
Legal fees	31,522	-	31,522	-
Insurance	88,952	18,045	88,952	-
Other material and services	4,894,112	4,078,887	4,384,171	3,626,788
	<u>5,079,000</u>	<u>4,160,882</u>	<u>4,562,079</u>	<u>3,684,033</u>

10 Finance costs

Finance costs charged by the Queensland Treasury Corporation	267,797	258,490	267,797	258,490
Finance costs relating to other bank loans	17,137	21,589	-	-
Bank charges	30,661	25,865	25,922	19,794
	<u>315,595</u>	<u>305,944</u>	<u>293,719</u>	<u>278,284</u>

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
11 Depreciation					
Depreciation of non-current assets					
Buildings		381,530	350,024	381,530	350,024
Plant and equipment at cost		673,449	553,546	583,959	481,803
Road and Bridge Network		1,379,306	737,007	1,379,306	737,007
Water		661,273	669,106	661,273	669,106
Sewerage		360,642	360,847	360,642	360,847
Drainage		61,656	61,417	61,656	61,417
		<u>3,517,856</u>	<u>2,731,947</u>	<u>3,428,366</u>	<u>2,660,204</u>

Unfunded Depreciation

The gross un-funded depreciation across all assets for the period is \$592,131 (2005 - \$0)

The net adjusted un-funded depreciation across all assets for the period is \$0 (2005 - \$0)

The net adjusted un-funded depreciation is the council's assessment of a future funding shortfall that may arise on the assets future replacement.

Net adjusted un-funded depreciation is calculated by taking the gross un-funded depreciation and deducting the amount of depreciation that will not require funding due to either non-replacement of the asset; contributions becoming available for funding the replacement; the replacement asset will cost less than the existing asset or the engineers assessment of depreciation funding is less than the depreciation expense in the period.

12 Capital expenses

Loss on the sale of capital assets	7	-	29,785	-	29,785
Loss on write-off of non-current assets	13	324,254	200,464	324,254	200,464
Revaluation down of property, plant and equipment	18 (b)	-	8,029,834	-	8,029,834
Total capital expenses		<u>324,254</u>	<u>8,260,083</u>	<u>324,254</u>	<u>8,260,083</u>

13 Write off of capital assets

Land for development and future sale	64,500	-	64,500	-
Land and improvements	33,400	-	33,400	-
Buildings	73,922	-	73,922	-
Plant and equipment at cost	92,840	-	92,840	-
Road and Bridge Network	-	103,953	-	103,953
Water	50,887	96,557	50,887	96,557
Sewerage	8,705	7	8,705	7
Drainage	-	(53)	-	(53)
	<u>324,254</u>	<u>200,464</u>	<u>324,254</u>	<u>200,464</u>

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
14 Cash assets and cash equivalents					
Cash in operating bank account		5,944,839	3,257,376	6,021,429	3,497,290
Cash in other banks and on hand		1,900	1,600	1,700	1,400
Deposits and investments at fixed interest rates		-	1,500,000	-	1,500,000
Deposits and investments at variable interest rates		-	-	-	-
Balance per statement of cash flows		<u>5,946,739</u>	<u>4,758,976</u>	<u>6,023,129</u>	<u>4,998,690</u>
Externally imposed expenditure restrictions at the reporting date relate to the following cash assets:		-			
Unspent government grants and subsidies	28 (i)	679,105	63,262	393,555	63,262
Unspent developer contributions	28 (i)	1,923,227	916,891	1,923,227	916,891
Unspent loan monies		<u>594,076</u>	<u>524,434</u>	<u>594,076</u>	<u>524,434</u>
Total unspent restricted cash for capital projects		<u>3,196,408</u>	<u>1,504,587</u>	<u>2,910,858</u>	<u>1,504,587</u>

Cash and deposits at call are held in the ANZ bank in normal savings and business accounts. These deposits are bearing floating interest rates between 5.34% and 5.52%.

15 Trade and other receivables

(a) Current

Rateable revenue and utility charges	369,562	306,113	369,562	306,113
Fees and charges	812,809	520,444	597,737	336,592
GST recoverable	96,953	129,015	96,953	129,015
Other debtors	17,761	10,880	17,761	10,880
Less: Allowance for doubtful debts	<u>(10,076)</u>	<u>(10,543)</u>	<u>(9,455)</u>	<u>(9,455)</u>
	<u>1,287,009</u>	<u>955,909</u>	<u>1,072,558</u>	<u>773,145</u>
Loans and advances to community organisations	<u>1,495</u>	<u>2,539</u>	<u>1,495</u>	<u>2,539</u>
	<u>1,288,504</u>	<u>958,448</u>	<u>1,074,053</u>	<u>775,684</u>

(b) Non-current

Loans and advances to community organisations	<u>13,455</u>	<u>-</u>	<u>13,455</u>	<u>-</u>
	<u>13,455</u>	<u>-</u>	<u>13,455</u>	<u>-</u>

Interest is charged on outstanding rates at a rate of 11% per annum. No interest is charged on other debtors. There is no concentration of credit risk for rates and utility charges, fees and other debtors receivable.

All loans and advances relate to loans made to various community bodies. These loans arise from time to time and are subject to negotiated interest rates. The credit risk on these loans is considered low.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2006	2005
	Actual	Actual	Actual	Actual
Note	\$	\$	\$	\$
16 Inventories				
Current				
Inventory for consumption is valued at the lower of cost and net realisable value				
Inventories for distribution:				
Stores Materials	367,202	337,578	367,202	337,578
Gravel Stockpiles	3,732	12,770	3,732	12,770
Plant Parts	26,962	45,346	26,962	45,346
Hospital	56,409	65,731	-	-
	<u>454,305</u>	<u>461,425</u>	<u>397,896</u>	<u>395,694</u>
Inventory for distribution is valued at the lower of cost and replacement cost				
	<u>454,305</u>	<u>461,425</u>	<u>397,896</u>	<u>395,694</u>
17 Other financial assets				
Current				
Prepayments	<u>193,194</u>	<u>165,862</u>	<u>138,032</u>	<u>129,523</u>
	<u>193,194</u>	<u>165,862</u>	<u>138,032</u>	<u>129,523</u>
Reconciliation of the carrying amount at the beginning and end of the current and previous period is set out below:				

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2006

18 (a) Consolidated property, plant and equipment

Asset Values	Land for development and future sale	Land and improvements	Buildings	Plant and equipment at cost	Road and Bridge Network	Water	Sewerage	Drainage	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value at cost	-	-	-	9,505,878	-	37,454,848	18,188,325	-	65,149,051
Opening gross value at cost	436,700	6,937,212	28,445,896	-	83,898,648	-	-	4,912,474	124,630,930
Additions at cost	-	31,745	1,476,289	2,768,528	1,371,149	154,973	-	15,445	5,818,129
Disposals	(58,400)	(83,000)	-	(574,829)	-	-	-	-	(716,029)
Write-offs	(64,500)	(33,400)	(552,107)	(529,573)	-	(148,443)	(47,985)	-	(1,376,008)
Revaluation adjustment to the ARR	-	7,290,480	10,633,917	3,207,761	8,941,696	(800)	-	-	30,073,054
Internal transfers	-	-	-	(4,000)	-	4,000	-	-	-
Closing gross value	313,800	14,143,037	40,003,995	14,373,965	94,211,493	37,464,578	18,140,340	4,927,919	223,579,127

Accumulated depreciation and impairment

Opening balance	-	-	17,073,451	3,719,344	30,952,578	21,100,133	13,373,005	1,196,984	87,415,495
Depreciation provided in period	-	-	381,530	673,449	1,379,306	661,273	360,642	61,656	3,517,856
Depreciation on disposals	-	-	-	(261,134)	-	-	-	-	(261,134)
Depreciation on write-offs	-	-	(478,185)	(436,733)	-	(97,556)	(39,280)	-	(1,051,754)
Revaluation adjustment to the ARR	-	-	914,273	2,243,456	(2,684,047)	(1,524)	-	-	472,158
Revaluation adjustment to the Income	-	-	-	-	(8,029,834)	-	-	-	(8,029,834)
Internal transfers	-	-	-	(3,200)	-	3,200	-	-	-
Closing accumulated depreciation and impairment balance	-	-	17,891,069	5,935,182	21,618,003	21,665,526	13,694,367	1,258,640	82,062,787
Written down value at cost	-	-	-	-	-	-	4,445,973	-	4,445,973
Written down value at fair value at period end	313,800	14,143,037	22,112,926	8,438,783	72,593,490	15,799,052	-	3,669,279	137,070,367

Consolidated book value at period end	313,800	14,143,037	22,112,926	8,438,783	72,593,490	15,799,052	4,445,973	3,669,279	141,516,340
Range of estimated useful life in years	Not depreciated	Not depreciated	10 - 80	4 - 65	15 - 200	10 - 150	15 - 80	6 - 48	

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2005

18 (a) Consolidated property, plant and equipment - prior year

Asset Values	Land for development and future sale	Land and improvements	Buildings	Plant and equipment at cost	Road and Bridge Network	Water	Sewerage	Drainage	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening gross value at cost				8,323,702	-	-	-	-	8,323,702
Opening gross value at valuation	436,700	6,475,177	20,488,984	-	79,592,973	37,937,396	18,181,703	4,912,474	168,025,407
Additions at cost	-	-	2,812,093	1,754,799	1,089,566	592,842	14,376	-	6,263,676
Contributed assets at valuation	-	52,394	-	-	681,764	-	-	-	734,158
Disposals	-	(13,359)	-	(572,623)	-	-	-	-	(585,982)
Write-offs	-	-	-	-	(817,227)	(398,347)	(7,754)	-	(1,223,328)
Revaluation adjustment to the ARR	-	423,000	5,144,819	-	-	(491,850)	-	-	5,075,969
Revaluation adjustment to Income	-	-	-	-	3,351,572	-	-	-	3,351,572
Internal transfers	-	-	-	-	-	(185,193)	-	-	(185,193)
Closing gross value	436,700	6,937,212	28,445,896	9,505,878	83,898,648	37,454,848	18,186,325	4,912,474	189,779,981

Accumulated depreciation and impairment

Opening balance	-	-	11,748,083	3,382,154	19,547,439	20,752,325	13,019,905	1,135,620	69,583,531
Depreciation provided in period	-	-	350,024	553,546	737,007	669,106	360,847	61,417	2,731,947
Depreciation on disposals	-	-	-	(216,356)	-	-	-	-	(216,356)
Depreciation on write-offs	-	-	-	-	(713,274)	(301,790)	(7,747)	(53)	(1,022,864)
Revaluation adjustment to the ARR	-	-	4,977,339	-	-	(19,508)	-	-	4,957,831
Revaluation adjustment to the Income	-	-	-	-	11,381,406	-	-	-	11,381,406
Closing accumulated depreciation and impairment balance	-	-	17,073,451	3,719,344	30,952,578	21,100,133	13,373,005	1,196,984	87,415,495
Written down value at cost	-	-	-	5,786,534	-	-	-	-	5,786,534
Written down value at fair value	436,700	6,937,212	11,372,445	-	52,946,070	16,354,715	4,815,320	3,715,490	96,577,952

Consolidated written down value at 30 June 2005
Range of estimated useful life in years

Not depreciated	436,700	6,937,212	11,372,445	5,786,534	52,946,070	16,354,715	4,815,320	3,715,490	102,364,486
		Not depreciated	10 - 80	4 - 65	15 - 200	10 - 150	15 - 80	6 - 48	

Notes to the Financial Statements
For the year ended 30 June 2006

Land for development and future sale	Land and improvements	Buildings	Plant and equipment at cost	Road and Bridge Network	Water	Sewerage	Drainage	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
436,700	6,937,212	28,445,896	8,986,020	-	37,454,848	18,188,325	-	64,629,193
-	31,745	1,476,289	2,271,055	1,371,149	154,973	-	4,912,474	124,630,930
(58,400)	(83,000)	-	-	-	-	-	15,445	5,320,856
(64,500)	(33,400)	(552,107)	(529,573)	-	(148,443)	(47,985)	-	(716,029)
-	7,290,480	10,633,917	3,207,761	8,941,696	(800)	-	-	(1,376,008)
-	-	-	(4,000)	-	4,000	-	-	30,075,054
313,800	14,143,037	40,003,995	13,356,634	94,211,493	37,464,578	18,140,340	4,927,919	222,561,796

-	-	17,073,451	3,612,772	30,952,578	21,100,133	13,373,005	1,198,984	87,308,923
-	-	381,530	583,959	1,379,306	661,273	360,642	61,656	3,428,366
-	-	-	(281,134)	-	-	-	-	(261,134)
-	-	(478,185)	(436,733)	-	(97,556)	(39,280)	-	(1,051,754)
-	-	914,273	2,243,456	(2,684,047)	(1,524)	-	-	472,158
-	-	-	-	(8,029,834)	-	-	-	(8,029,834)
-	-	-	(3,200)	-	3,200	-	-	-
-	-	17,891,069	5,739,120	21,618,003	21,665,526	13,694,367	1,258,640	81,866,725
-	-	-	-	-	-	4,445,973	-	4,445,973
313,800	14,143,037	22,112,926	7,617,514	72,593,490	15,789,052	-	3,669,279	136,249,098

Total written down value at 30 June 2006

Range of estimated useful life in years

313.800	14.143.037	22.112.926	7.617.514	72.593.490	15.799.052	4.445.973	3.669.279	140.695.071
Not depreciated	Not depreciated	10 - 80	4 - 65	15 - 200	10 - 150	15 - 80	6 - 48	

KINGARROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2005

18 (b) Council property, plant and equipment - prior year

Asset Values

Opening gross value at cost
Opening gross value at valuation
Additions at cost
Contributed assets at valuation
Disposals
Write-offs
Revaluation adjustment to the ARR
Revaluation adjustment to Income
Internal transfers
Closing gross value

Land for development and future sale	Land and improvements	Buildings	Plant and equipment at cost	Road and Bridge Network	Water	Sewerage	Drainage	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
436,700	6,475,177	20,488,984	7,906,980	-	-	-	-	7,906,980
-	52,394	2,812,083	1,651,563	79,592,973	37,937,396	18,181,703	4,912,474	168,025,407
-	-	-	-	1,089,566	592,842	14,376	-	6,212,934
-	(13,359)	-	(572,623)	681,764	-	-	-	681,764
-	-	-	-	(817,227)	(398,347)	(7,754)	-	(585,982)
-	423,000	5,144,819	-	-	(491,850)	-	-	(1,223,328)
-	-	-	-	3,351,572	-	-	-	5,075,969
-	-	-	-	-	(185,193)	-	-	3,351,572
436,700	6,937,212	28,445,896	8,986,020	83,898,648	37,454,848	18,188,325	4,912,474	189,250,123

Accumulated depreciation and impairment

Opening balance
Depreciation provided in period
Depreciation on disposals
Depreciation on write-offs
Revaluation adjustment to the ARR
Revaluation adjustment to the Income
Closing accumulated depreciation and impairment balance

-	-	11,746,088	3,347,325	19,547,439	20,752,325	13,019,905	1,135,620	69,548,702
-	-	350,024	481,803	737,007	669,106	360,847	61,417	2,660,204
-	-	-	(216,356)	-	-	-	-	(216,356)
-	-	-	-	(713,274)	(301,790)	(7,747)	(53)	(1,022,864)
-	-	4,977,339	-	-	(19,508)	-	-	4,957,831
-	-	-	-	11,381,406	-	-	-	11,381,406
-	-	-	-	-	-	-	-	-
-	-	17,073,451	3,612,772	30,952,578	21,100,133	13,373,005	1,196,984	87,308,923

Fair value at 30 June 2005

Range of estimated useful life in years

436,700	6,937,212	11,372,445	5,373,248	52,946,070	16,354,715	4,815,320	3,715,490	101,951,200
Not depreciated	Not depreciated	10 - 80	4 - 65	15 - 200	10 - 150	15 - 80	6 - 48	

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2006	2005
	Actual	Actual	Actual	Actual
Note	\$	\$	\$	\$
18 (c) Property, plant and equipment valuations were determined by reference to the following:				
Land				
Council valuation, which was undertaken in April 2006 by Australia Pacific Valuers Pty Ltd in accordance with Queensland Treasury guidelines.				
The Kingaroy Shire Council has control of:				
(a) Land under infrastructure - approximately 1,557km of roads (2001 - 1557km); and				
(b) 1,253ha (2001 - 1253ha) of reserve land that is a reserve under the Land Act 1994.				
Land under infrastructure and reserve land does not have a value for the purpose of these financial statements.				
Buildings				
Council valuation, which was undertaken in April 2006 by Australia Pacific Valuers Pty Ltd				
Plant and Equipment				
Council valuation of assets, provided by Australia Pacific Valuers Pty Ltd in April 2006.				
All plant and equipment in Council's asset register that was not purchased in the current year has been revalued.				
Infrastructure				
Current replacement cost for all Water and Sewerage Assets has been provided by the independent valuer John Wilson and Partners Pty Ltd, Consulting Engineers in June 2004.				
Valuation of all other infrastructure assets, being the current replacement cost has been determined by Council's Director of Engineering and Development Services, Mr Allen Christensen (B.E.Civil, R.P.E.Q., F.I.P.W.E.A.) in June 2006.				
19 Capital work in progress	1,182,489	1,304,635	1,182,489	1,304,635
	<u>1,182,489</u>	<u>1,304,635</u>	<u>1,182,489</u>	<u>1,304,635</u>

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
20 Intangible assets					
(b) Water rights					
Opening gross carrying value		185,193	-	185,193	-
Transfer (to) from other assets categories		-	185,193	-	185,193
		<u>185,193</u>	<u>185,193</u>	<u>185,193</u>	<u>185,193</u>
 Total net carrying value of intangible assets at the end of period		<u>185,193</u>	<u>185,193</u>	<u>185,193</u>	<u>185,193</u>
21 Trade and other payables					
Current					
Creditors and accruals		1,294,729	1,114,984	870,760	905,430
		53,452	(62,188)	53,452	(62,188)
Annual leave		572,527	614,934	514,411	568,236
Long service leave		1,020,997	876,608	1,020,997	876,608
		<u>2,941,705</u>	<u>2,544,338</u>	<u>2,459,620</u>	<u>2,288,086</u>
Non Current					
Annual leave		292,296	108,883	292,296	108,883
Long service leave		108,578	96,816	108,578	96,816
Other entitlement		60,044	50,211	60,044	50,211
		<u>460,918</u>	<u>255,910</u>	<u>460,918</u>	<u>255,910</u>

Non-current employee benefit provisions are calculated at current pay levels and adjusted for inflation and likely future changes in salary level.

These estimates are then adjusted for the probability of the employee remaining in the council's employment or other associated employment which would result in the council being required to meet the liability. Adjustments are then made to allow for the proportion of the benefit earned to date, and the result is discounted to the present value. Approximately 50% of the non current liability is funded.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
22 Borrowings					
Current					
Queensland Treasury Corporation		427,799	963,600	427,799	963,600
		427,799	963,600	427,799	963,600
Non Current					
Queensland Treasury Corporation		5,034,576	4,158,344	5,034,576	4,158,344
		5,034,576	4,158,344	5,034,576	4,158,344
Details of movements in borrowings:					
Queensland Treasury Corporation					
Opening balance		5,121,944	5,394,602	5,121,944	5,394,602
Loans raised		1,280,000	1,270,189	1,280,000	1,270,189
Principal repayments		(939,569)	(1,542,847)	(939,569)	(1,542,847)
Book value at period end		5,462,375	5,121,944	5,462,375	5,121,944
Classified as :					
Current		427,799	963,600	427,799	963,600
Non-current		5,034,576	4,158,344	5,034,576	4,158,344
		5,462,375	5,121,944	5,462,375	5,121,944
<p>The loan market value at the reporting date was \$5,364,112. This represents the value of the debt if the Council repaid it at that date. As it is the intention of the Council to hold the debt for its full term, no provision is required to be made in these accounts. The loans are held in their respective program accounts. The interest rate on Queensland Treasury Corporation borrowings range from 4.41% to 6.40%. Based on the current level of repayments the expected term of total debt is 18 years (2005- 20 years). Borrowings are in Australian dollars and are underwritten by the Queensland State Government.</p>					
23 Other liabilities					
Current					
Unearned revenue		38,708	122,233	38,708	122,233
Grants and subsidies received in advance		152,659	-	-	-
		191,367	122,233	38,708	122,233

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
24 Shire Capital					
Calculation of retained surplus:					
Cash and cash equivalents		5,946,739	4,758,976	6,023,129	4,998,690
Less restricted cash:					
Reserves (excluding the asset revaluation)		(4,588,259)	(2,681,289)	(4,302,709)	(2,681,289)
Unspent depreciation capital fund reserve		(595,896)	(318,555)	(595,896)	(318,555)
Unspent loan capital fund reserve		(594,076)	(524,434)	(594,076)	(524,434)
Revenue received in advance		(191,367)	(122,233)	(38,708)	(122,233)
Working capital cash at balance date (including employee entitlement)		(1,595,987)	(1,357,335)	(1,439,923)	(1,385,917)
Retained surplus (deficit) available for dist	27	(1,618,846)	(244,870)	(948,183)	(33,738)
Shire capital	(i)	98,395,665	89,307,284	97,574,395	88,893,998
Total capital and retained surplus at end of period		96,776,819	89,062,414	96,626,212	88,860,260
(i) Movement in capital account					
Balance at beginning of period		89,307,284	94,005,479	88,893,998	93,623,586
Adjustments from (to) retained surplus:					
Transfer from retained surplus capital income in the period		8,268,977	-	8,268,977	-
Transfer to retained surplus capital expenses in the period		(324,254)	(8,260,083)	(324,254)	(8,260,083)
Transfer from retained surplus non monetary capital revenue		-	681,764	-	681,764
Transfer from the retained surplus revenue expended on capital assets		1,078,809	1,779,320	581,335	1,691,780
Transfer (to) retained surplus for unfunded depreciation		(681,621)	(71,743)	(592,131)	-
Total transfers (to) from retained surplus		8,341,911	(5,870,742)	7,933,927	(5,886,539)
Transfer (to) from the unspent depreciation fund reserve		(277,341)	423,620	(277,341)	423,620
Transfer (to) from the unspent loan capital fund reserve		(69,642)	(21,435)	(69,642)	(21,435)
Transfers from the constrained works reserve		1,093,453	770,362	1,093,453	754,766
Total transfers (to) from reserves		746,470	1,172,547	746,470	1,156,951
Balance at end of period		98,395,665	89,307,284	97,574,395	88,893,998
25 Restricted capital funds reserves					
These reserves are part of shire capital and represent cash held at the reporting date restricted to the future funding of capital assets.					
(i) Unspent depreciation fund reserve					
Opening balance		318,555	742,175	318,555	742,175
Cash unspent (expended) in period		277,341	(423,620)	277,341	(423,620)
Balance at end of period		595,896	318,555	595,896	318,555
(ii) Unspent loan capital fund reserve					
Opening balance		524,434	502,999	524,434	502,999
Cash unspent (expended) in period.		69,642	21,435	69,642	21,435
Balance at end of period		594,076	524,434	594,076	524,434
Total restricted capital funds reserves		1,189,972	842,989	1,189,972	842,989

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2006	2005
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
26 (i) Asset revaluation reserve				
Movements in the asset revaluation reserve were as follows:				
Balance at beginning of period	9,567,908	9,449,770	9,567,908	9,449,770
Net adjustment to non-current assets at end of period to reflect a change in current fair value:				
Land and improvements	7,290,480	423,000	7,290,480	423,000
Buildings	9,719,644	167,480	9,719,644	167,480
Plant and equipment at cost	964,305	-	964,305	-
Road and Bridge Network	11,625,743	-	11,625,743	-
Water	724	(472,342)	724	(472,342)
Balance at end of the year	39,168,804	9,567,908	39,168,804	9,567,908
(ii) Asset revaluation reserve analysis				
The closing balance of the asset revaluation reserve is comprised of the following asset categories:				
Capital land for development and future sale	61,700	61,700	61,700	61,700
Land and improvements	8,138,990	848,510	8,138,990	848,510
Buildings	14,102,787	4,383,143	14,102,787	4,383,143
Plant and equipment at cost	1,755,407	791,102	1,755,407	791,102
Road and Bridge Network	11,625,743	-	11,625,743	-
Water	3,484,177	3,483,453	3,484,177	3,483,453
	39,168,804	9,567,908	39,168,804	9,567,908
27 Retained surplus				
Movement in retained surplus				
Retained surplus (deficit) at the beginning of period	(244,870)	621,522	(33,738)	474,001
Net result attributable to council	9,988,358	(5,128,593)	9,734,355	(5,167,830)
Transfer of capital income	(8,268,977)	-	(8,268,977)	-
Transfer of capital expenses	324,254	8,260,083	324,254	8,260,083
Non monetary capital revenue	-	(681,764)	-	(681,764)
General revenue used for capital funding purposes	(1,078,809)	(1,779,320)	(581,335)	(1,691,780)
Adjustment for unfunded depreciation	681,621	71,743	592,131	-
Net capital account transfers	(8,341,911)	5,870,742	(7,933,927)	5,886,539
Transfer from (to) the constrained works reserve	(2,715,632)	(1,262,859)	(2,430,082)	(1,262,859)
Retained surplus (deficiency) available for transfer to reserves	(1,334,055)	(281,081)	(663,392)	(69,949)
Transfers (to) from reserves for future capital funding purposes:				
Asset Replacement reserve	-	(85,534)	-	(85,534)
Transfers (to) from reserves for future general funding purposes:				
Carryover income reserve	(284,791)	121,745	(284,791)	121,745
Retained surplus (deficit) at period end	(1,618,846)	(244,870)	(948,183)	(33,738)

KINGAROI SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2006	2005
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$
28 Other reserves				
(a) Summary of reserves held for funding future capital expenditure:				
(i) Constrained works reserve	2,602,332	980,153	2,316,782	980,153
(ii) Asset Replacement reserve	1,619,079	1,619,079	1,619,079	1,619,079
	<u>4,221,411</u>	<u>2,599,232</u>	<u>3,935,861</u>	<u>2,599,232</u>
(b) Summary of reserves held for funding future recurrent expenditure:				
Carryover income reserve	366,848	82,057	366,848	82,057
	<u>366,848</u>	<u>82,057</u>	<u>366,848</u>	<u>82,057</u>
Total reserves	<u>4,588,259</u>	<u>2,681,289</u>	<u>4,302,709</u>	<u>2,681,289</u>
Movements in capital reserves are analysed as follows:				
(i) Constrained works reserve				
Balance at the beginning of period	980,153	487,656	980,153	472,060
Transfer from retained earnings grants, subsidies and contributions received in the period for which the council has an obligation to spend on specific capital	2,715,632	1,262,859	2,430,082	1,262,859
Transfers to the capital account funds expended in the period	(1,093,453)	(770,362)	(1,093,453)	(754,766)
Balance at end of period	<u>2,602,332</u>	<u>980,153</u>	<u>2,316,782</u>	<u>980,153</u>
(ii) Asset Replacement reserve				
Balance at the beginning of period	1,619,079	1,533,545	1,619,079	1,533,545
Transfer from retained earnings for future expenditure	-	85,534	-	85,534
Balance at end of period	<u>1,619,079</u>	<u>1,619,079</u>	<u>1,619,079</u>	<u>1,619,079</u>
(d) Movements in recurrent reserves are analysed as follows:				
Carryover Income reserve				
Balance at the beginning of period	82,057	203,802	82,057	203,802
Transfer from retained earnings for future expenditure	366,848	82,057	366,848	82,057
Transfer to retained earnings	(82,057)	(203,802)	(82,057)	(203,802)
Balance at end of period	<u>366,848</u>	<u>82,057</u>	<u>366,848</u>	<u>82,057</u>
29 Commitments for expenditure				
Capital Commitments				
Commitment for the construction of the following assets contracted for at the reporting date but not recognised as liabilities are as follows:				
Buildings	-	1,203,000	-	1,203,000
	<u>-</u>	<u>1,203,000</u>	<u>-</u>	<u>1,203,000</u>
These expenditures are payable :				
Within one year	-	1,203,000	-	1,203,000
	<u>-</u>	<u>1,203,000</u>	<u>-</u>	<u>1,203,000</u>
30 Events after balance date				
There were no material adjusting events after balance date				

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2006	2005	2005	2005
	Actual	Actual	Actual	Actual
Note	\$	\$	\$	\$

31 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

The Council has guaranteed the bank account of the Kingaroy Private Hospital Limited.

At balance date this bank account was not in overdraft.

The amount of the guaranteed is up to:

300,000	300,000	300,000	300,000
---------	---------	---------	---------

The Kingaroy Shire Council is a member of the local government self-insurance scheme, Local Government Workcare. Under this scheme the Council has provided a bank guarantee to cover bad debts which may remain should the self insurance licence be cancelled because of insufficient funds being available to cover outstanding liabilities. Only Local Government Workcare may call on any part of the guarantee should the above circumstances arise. The Council's maximum exposure is:

131,825	92,485	131,825	92,485
---------	--------	---------	--------

32 Superannuation

The Kingaroy Shire Council contributes to the local government superannuation scheme (the scheme). The scheme has two elements referred to as the defined benefits scheme and the accumulation scheme.

Both these schemes are defined contribution schemes as defined in the Australian Accounting Standard AASB119 Employee benefits. Council has no liability to or interest in the scheme other than the payment of the statutory contributions.

Any amount by which either scheme is over or under funded would only affect future benefits and is not an asset or liability of the council.

Accordingly there is no recognition in the financial statements of any over- or under-funding of the scheme.

The audited general purpose financial report of the scheme as at 30 June 2005 (the most recent available) which were not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability for the Council has been recognised as at the reporting date in respect of superannuation benefits for its employees.

The general purpose financial statements disclose that the most recent actuarial assessment of the scheme was undertaken as at the 30 June 2005. The actuary indicated that without improvements to benefit conditions, or other unanticipated events, current contribution rates would be sufficient to meet members benefits as they accrue.

The Queensland Local Government Superannuation Board, the trustee of the scheme, advised that the local government superannuation scheme was a complying superannuation scheme for the purpose of the Commonwealth Superannuation Industry (Supervision) legislation.

The amount of superannuation contributions paid by Kingaroy Shire Council to the superannuation scheme in this period for the benefit of employees was:

641,858	507,234	560,240	507,234
---------	---------	---------	---------

The Kingaroy Shire Council also contributes to the scheme for the benefit of elected members. The amount of contributions paid for this benefit during the reporting period was:

28,629	27,902	28,629	27,902
--------	--------	--------	--------

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements
For the year ended 30 June 2006

		Consolidated	Consolidated	Council	Council
		2006	2005	2006	2005
		Actual	Actual	Actual	Actual
	Note	\$	\$	\$	\$
33 Trust funds					
Security deposits		207,767	139,078	207,767	139,078
		<u>207,767</u>	<u>139,078</u>	<u>207,767</u>	<u>139,078</u>

The Kingaroy Shire Council performs only a custodial role in respect of these monies.
As these funds cannot be used by the Council, they are not brought to account in these financial statements.

34 Reconciliation of net result attributable to council to net cash flow from operating activities

Net result attributable to council		9,968,358	(5,128,593)	9,734,355	(5,167,630)
Non-cash operating items:					
Depreciation and amortisation	11	3,517,856	2,731,947	3,428,366	2,660,204
		<u>3,517,856</u>	<u>2,731,947</u>	<u>3,428,366</u>	<u>2,660,204</u>
Investing and development activities:					
Capital income	6	(8,268,977)	-	(8,268,977)	-
Capital expenses	12	324,254	8,260,083	324,254	8,260,083
		<u>(7,944,723)</u>	<u>8,260,083</u>	<u>(7,944,723)</u>	<u>8,260,083</u>
Financing activities:					
Capital grants, subsidies and contributions	5	(2,715,632)	(1,944,623)	(2,430,082)	(1,944,623)
		<u>(2,715,632)</u>	<u>(1,944,623)</u>	<u>(2,430,082)</u>	<u>(1,944,623)</u>
Changes in operating assets and liabilities :					
(Increase) decrease in receivables		(331,100)	(85,792)	(299,413)	(7,020)
(Increase) decrease in inventories (excluding land)		7,120	(97,933)	(2,202)	(79,587)
(Increase) decrease in other operating assets		(27,332)	(76,637)	(8,509)	(77,226)
Increase (decrease) in payables		602,375	451,058	376,542	405,548
Increase (decrease) in other liabilities		69,134	80,467	(83,525)	80,467
		<u>320,197</u>	<u>271,163</u>	<u>(17,107)</u>	<u>322,182</u>
Net cash inflow from operating activities		<u>3,146,056</u>	<u>4,189,977</u>	<u>2,770,809</u>	<u>4,130,216</u>

35 Controlled Entity

Kingaroy Shire Council has a controlling interest in the Kingaroy Private Hospital Limited, a company limited by guarantee.

The constitution states that the membership will consist of permanent members and that the Council is the permanent member. The Council is responsible for the appointment of all directors thereby effecting ultimate control of the company's affairs.

The company commenced trading as the South Burnett Community Private Hospital in May 2002. The land and buildings used by the hospital were acquired by the Council in February 2002 and are leased to the company under a six year lease agreement.

The financial results of the company are consolidated into the Council's financial statements.

Represented by:

Assets

Current	249,632	45,120
Non Current	821,269	413,286
	<u>1,070,901</u>	<u>458,406</u>

Liabilities

Current	634,744	256,252
Non Current		
	<u>634,744</u>	<u>256,252</u>

Net Assets

	<u>436,157</u>	<u>202,154</u>
--	----------------	----------------

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements For the year ended 30 June 2006

	Consolidated	Consolidated	Council	Council
	2005	2004	2005	2004
	Actual	Actual	Actual	Actual
	\$	\$	\$	\$

36 Transition to International Financial Reporting Standards

Changes have been made to the Australian Accounting Standards to align Australian practice more closely with accounting in the international community. These changes required the Council to adopt a number of different accounting policies and to present its financial reports differently for the year ending 30 June 2006 and subsequent years.

The changes due to the transition to the Australian Equivalent to International Finance Reporting Standards have required no changes to Council's Financial Statements.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

37 Financial instruments

(a) Credit risk exposure

The credit risk on financial assets of the Council (consolidated) which have been recognised on the balance sheet other than investments in shares, is generally the carrying amount, net of provision for doubtful debts.

The Council (consolidated) has no major concentration of credit risk to any single debtor or group of debtors.

(b) Interest rate risk

The Council's (consolidated) exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market rates and the weighted average interest rate by maturity periods is set out in the table below. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Council (consolidated) intends to hold fixed assets and liabilities to maturity.

Financial Instruments	Note	Floating interest rate		Fixed interest rate		Non-interest bearing		Total	Total
		2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Financial assets									
Cash assets and cash equivalents	14	5,944,839	3,257,376	-	1,500,000	1,900	1,600	5,946,739	4,758,976
Trade and other receivables	15	-	-	369,562	306,113	932,397	652,335	1,301,959	958,448
Other financial assets:		-	-	-	-	193,194	165,862	193,194	165,862
		5,944,839	3,257,376	369,562	1,806,113	1,127,491	819,797	7,441,892	5,883,286
Weighted average interest rate		5.5%	5.4%		5.4%				
Financial liabilities									
Trade and other payables	21	-	-	-	-	2,941,705	2,544,338	2,941,705	2,544,338
Queensland Treasury Corporation	22	5,462,375	5,121,944	-	-	-	-	5,462,375	5,121,944
		5,462,375	5,121,944	-	-	2,941,705	2,544,338	8,404,080	7,666,282
Weighted average interest rate		4.4%			5.7%				
Net financial assets		482,464	(1,864,568)	369,562	1,806,113	(1,814,214)	(1,724,541)	(962,188)	(1,782,996)

(c) Net fair value of financial assets and liabilities

The net fair value of cash, cash equivalents and non-interest bearing monetary financial assets and liabilities of the Council (consolidated), approximates their carrying amounts.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The net fair value of non-traded equity investments is an assessment by the Council based on the underlying net assets, future maintainable earnings any special circumstances pertaining to a particular investment.

KINGAROY SHIRE COUNCIL

Notes to the Financial Statements

For the year ended 30 June 2006

38 National Competition Policy

(a) Activities to which the code of competitive conduct is applied

A "business activity" of a local government is divided into two categories :

(a) Roads business activity:

- (i) the construction or maintenance of State controlled roads for which the local government submits an offer to carry out work in response to a tender invitation, other than through a sole supplier arrangement.
- (ii) submission of a competitive tender for construction or road maintenance on the local government's roads which the local government has put out to tender, or called for by another local government.

(b) Other business activity, referred to as type three activities, means the following:

- (i) trading in goods and services to clients in competition with the private sector, or
- (ii) the submission of a competitive tender in the local government's own tendering process in competition with others for the provision of goods and services to its self. Excluded activities are (a) library services, and (b) an activity or part thereof prescribed by legislation.

Local government may elect to apply a Code of Competitive Conduct (CCC) to their identified business activities. This requires the application of full cost pricing, identifying the cost of community service obligations (CSO) and eliminating the advantages and disadvantages of public ownership within that activity. The application of the CCC to the roads business activity is compulsory.

The CSO value is determined by Council, and represents an activities cost(s) which would not be incurred if the activities primary objective was to make a profit. The Council provides funding from general revenue to the business activity to cover the cost of providing non-commercial community services or costs deemed to be CSO's by the Council. Notwithstanding CSO's, the council is committed to operating these activities as business activities in accordance with the CCC.

Water and Sewerage
Refuse Management
Other Roads

The following table summaries the financial results for these, including competitive neutrality adjustments if applicable. Full information is available for inspection at the council offices.

(b) Financial performance of activities subject to competition reforms:

	Water and Sewerage		Refuse Management		Other Roads	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Revenue for services provided to the Council					604,001	2,421,689
Revenue for services provided to external clients	3,144,872	2,572,580	920,174	764,925	3,000,813	2,246,630
* Community service obligations	180,683	185,576				
	3,325,555	2,758,156	920,174	764,925	3,604,814	4,668,319
Less : Expenditure	2,645,212	2,656,119	790,412	665,386	3,592,306	4,700,878
Surplus (deficiency)	780,343	102,037	129,762	99,539	12,508	(32,559)

(c) CSO's were paid during the reporting period to the following activities.

Activities	CSO description	Actual
Water and Sewerage	Uneconomical service supply	22,583
	Provision of treated effluent to community facilities	158,100

KINGAROY SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2006


MANAGEMENT CERTIFICATE

For the year ended 30 June 2006

This general purpose financial report has been prepared pursuant to Section 532 of the *Local Government Act 1993*, the *Local Government Finance Standards 2005* (the Standard) and other prescribed requirements.

In accordance with Section 48 of the Standard we certify -

- (i) the requirements under the *Local Government Act 1993* for the keeping of the accounts have been complied with in all material respects; and
- (ii) the financial statements for the year ended 30 June 2006 and supporting notes presents the Council's operating results, cash flows and financial position as required by the *Local Government Act 1993*.



Mayor

Date: 25, 10, 06



Chief Executive Officer

Date: 25, 10, 06

INDEPENDENT AUDIT REPORT
To the Mayor of Kingaroy Shire Council

Matters Relating to the Electronic Presentation of the Audited Financial Report

The audit report relates to the financial report of Kingaroy Shire Council for the financial year ended 30 June 2006 included on Kingaroy Shire Council's web site. The Council is responsible for the integrity of the Kingaroy Shire Council's web site. We have not been engaged to report on the integrity of the Kingaroy Shire Council web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report, available from Kingaroy Shire Council, to confirm the information included in the audited financial report presented on this web site.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.

Scope

The Financial Report

The financial report includes the consolidated financial statements of the economic entity comprising Kingaroy Shire Council and the entities it controlled at the year's end or from time to time during the year. The financial report of Kingaroy Shire Council consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial report and certificates given by the Chief Executive Officer and Mayor for the year ended 30 June 2006.

Council's Responsibility

The Council is responsible for the preparation and true and fair presentation of the financial report, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards*, which incorporate the Australian Auditing Standards, to enable me to provide an independent opinion whether in all material respects the financial report is presented fairly, in accordance with the prescribed requirements.

Audit procedures included –

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial report;
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council;
- obtaining written confirmation regarding the material representations made in conjunction with the audit; and
- reviewing the overall presentation of information in the financial report.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised.

The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Audit Opinion

In accordance with s.532 of the *Local Government Act 1993* I have audited the Council's financial report, and—

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion —
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view in accordance with the prescribed accounting standards of the transactions of the Kingaroy Shire Council and the economic entity for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.



R G Hills CA
as Delegate of the Auditor-General of Queensland

26th October 2006

Queensland Audit Office
Brisbane